

# Leading the Way II

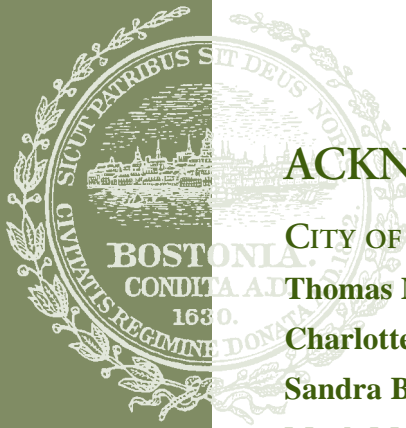
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A Report on  
Boston's Housing Strategy  
FY2004-FY2007

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Thomas M. Menino  
Mayor





## ACKNOWLEDGEMENTS

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The Leading the Way II Housing Advisory Panel

May 2004



Dear Friends,

Four years ago, I announced *Leading the Way*, a comprehensive three-year housing strategy designed not only to increase production of new housing within the city of Boston, but also to preserve affordability. I established what were considered to be ambitious goals at that time, pledging to build 7,500 units and to preserve 10,000 more. Last fall, I was proud to announce that we had achieved our goals, and even exceeded them on a couple of key points.

The achievement of one set of goals doesn't mean that the hard work is over. Greater Boston still has a cumulative housing production deficit, and not only for affordable housing. The lack of readily available housing has made it more difficult for those who earn the least to find affordable housing. Although the economic downturn of the last couple of years has made it more difficult to produce new housing, it also means that those among us who are most vulnerable economically have found their goals of homeownership or affordable rent even harder to achieve.

On the following pages, you will find Boston's housing strategy for the next three fiscal years. Because I never believed that the housing crisis would be solved by the achievements of *Leading the Way I*, we have continued on our accelerated production and preservation schedule even while the Advisory Panel was meeting to establish new goals for *Leading the Way II*.

Four years ago, I said that Boston could not solve the regional housing crisis on its own, and I stand behind that statement. When we undertook this housing strategy, we called it *Leading the Way* because we intended it to be a blueprint, not only of a viable production and preservation model, but of the kinds of collaborations that other cities and towns could emulate if they wanted to be successful. We cannot stop now -- the need is simply too great.

I look forward to reporting on our continued successes, and hope that others will build upon them.

Sincerely,

A handwritten signature in dark ink, reading "Thomas M. Menino". The signature is fluid and cursive, with a large, sweeping initial "T".

Thomas M. Menino, Mayor  
City Of Boston



***Charlotte Golar Richie, Chief of Housing and Director  
Department of Neighborhood Development***

Charlotte Golar Richie leads the agency that will oversee the development of 1,400 of the planned 2,100 new affordable housing units, the preservation of 2,700 existing affordable units, and the conversion of 300 units of unregulated rental housing into new long-term affordable housing over the course of four years. In addition, DND will continue in its long-term mission of making Boston the most livable city in the nation by ensuring that Boston's neighborhoods maintain the quality of life that makes them so valued by the city's residents. To achieve this goal, DND will renovate 2,000 properties, including a targeted effort to reclaim vacant houses and other distressed properties, expand homebuying opportunities for people currently priced out of the market and protect existing homeowners from losing their homes to foreclosure. Working with its nonprofit partners, the lender community and State agencies, DND will continue its long-term goal of working smarter and harder to make the neighborhoods of Boston work for all citizens.



***Sandra B. Henriquez, Administrator/CEO  
Boston Housing Authority***

Sandra Henriquez heads the region's largest provider of housing for low-income people and oversees the administration and management of more than 14,000 public housing apartments and 11,000 Section 8 rental assistance vouchers. Under her leadership, the BHA focus for *Leading the Way II* is to preserve the significant gains the Authority has made in the face of shrinking federal and state resources for both public housing and rental assistance. The BHA will continue to invest in public/private redevelopment efforts to replace several hundred public housing units with newly designed developments. Homeownership opportunities will be made available to public housing and Section 8 residents through the BHA's HOPE VI revitalization efforts. In addition, the BHA will upgrade the quality of its public housing stock by renovating 325 BHA apartments for persons with disabilities. Finally, the BHA will continue to partner at the City and community level to secure critical resources and develop innovative strategies to address the housing needs of Boston's low-income community.



***Mark Maloney, Director  
Boston Redevelopment Authority***

The BRA is Boston's economic development and planning agency. In the first *Leading the Way* plan, the BRA worked with the private sector and other City departments to produce more than 5,000 market-rate units and another 189 moderate- to middle-income units through the City's inclusionary development policy. In *Leading the Way II*, Mark Maloney will lead the BRA in its effort to meet the housing goals outlined in this plan. Specifically, the BRA will work with the private sector to produce more than 7,500 housing units. In addition, the agency has recently strengthened its inclusionary development policy to require more units for moderate and middle-income residents, ensuring that Boston remains a city for everyone. The BRA will work with the city's medical, academic, and research institutions to build more housing for students, faculty, and staff. Using its regulatory authority and other planning and development tools, the agency will continue to promote housing that enhances Boston's neighborhoods and builds strong communities.

# Leading the Way II

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## EXECUTIVE SUMMARY

### BOSTON'S RECORD

In the January 1999 State of the City address, Mayor Thomas M. Menino acknowledged Boston's growing housing shortage and declared housing to be a top priority for City action. He created a new cabinet level position, Chief of Housing, and challenged the City and development community to work together to double housing production from under 900 units to 2,000 units in just one year.

That commitment to housing has continued to this day. In the last three years, under the auspices of the first *Leading the Way (LTW I)* housing strategy, Boston has added more than 7,900 units of new housing. Of those, more than 2,200 are affordable new units. Another 5,000 households were protected from displacement through City efforts to prevent their subsidized apartments from becoming market rate. Virtually all of the Boston Housing Authority's vacant units are now being reclaimed to create new housing, particularly for the homeless.

With the generous help of the housing experts who comprised the Mayor's Advisory Panel on Housing, Boston is moving forward with a new four-year plan that builds on the best of what was done in the past and has evolved to meet the challenges that we face today. Among those challenges are a softer economy with rising unemployment, ever-tightening local, State and Federal budgets with cuts in many programs, and an emerging crisis in the Section 8 Rental Assistance Program where Federal cuts are leading to a nationwide crisis in the program. Despite these challenges, the Menino administration is committed to doing everything it can to continue making progress in housing. This strategy, called *Leading the Way II (LTW II)*, is that commitment.

### BOSTON'S HOUSING MARKET

Boston's housing market is driven by two key factors. Despite the recent economic downturn, there has been a long term significant regional housing production shortage that has kept vacancy rates low and prices high. An equally important market force has been the steadily improving quality of life in Boston's neighborhoods that has made city living an increasingly attractive option. Five years ago, a single-family house in Boston sold for almost 40% less than one in a typical suburban community. By 2003, that difference had shrunk to 19%. These combined forces have brought house values in the city up by 112% over the past five years -- almost double the regional average price increase of 60%. In most of Boston's historically affordable neighborhoods, the price increases have been even larger: values grew by 185% in Roxbury and 152% in East Boston. Lower-priced neighborhoods where market-rate prices were affordable are quickly disappearing, leaving renters and homebuyers with dwindling options other than publicly assisted housing, or leaving Boston.

After growing rapidly between 1996 and 2001, rents have stabilized over the last two years, but they remain at levels well out the reach of most Bostonians. In 2003, only a third of listed apartments cost what the average Bostonian could afford. For homebuyers, the situation is even more difficult. Despite declining interest rates, it now requires an income of more than \$105,000 to afford the average single-family home, as compared to \$55,500 five years ago.



Only about one in four Bostonians has the income necessary to buy the average-priced home. Many in the middle-class, historically Boston's first-time homebuyers, are now staying in the rental market, putting further pressure on rents.

Rising rents and declining employment usually precipitate rapid growth in the homeless population. However, due in large part to the efforts of the Boston Housing Authority to reclaim vacant units primarily for the homeless, this population has not grown as quickly as might have been anticipated. In fact, over the past three years, it has grown at half the rate that it grew in the previous three years. However, during the last six years, the fastest growing segments of the homeless population were women and children. This is a trend that needs to be reversed.

For some of Boston's neighborhoods, the effects of the recession are becoming more apparent. Rehabilitation investment fell by 18% in the last year as property owners deferred their investment until the economic picture improves. We know that quality of life is a critical element supporting the Boston housing market and maintaining it by reversing the trend toward disinvestment is essential to stabilizing neighborhoods. With prompt action, we can prevent the cycle of disinvestment and devaluation from taking hold as it did in the early 1990s.

## BOSTON'S PLAN OF ACTION

**GOAL 1: Preserve Neighborhood Stability.** Ensuring that Boston's neighborhoods maintain their quality of life is the lynchpin of Boston's new housing strategy. Specifically, the City will commit to:

**Renovate 2,000 properties, especially buildings in visible disrepair**

**Reclaim 130 vacant houses and distressed properties  
with a goal of cutting abandonment by 50%**

**Expand homebuying opportunities for  
people currently priced out of the market and  
protect existing homeowners from losing their homes to foreclosure**

To achieve these goals, the City will:

- Offer a new exterior home improvement rebate incentive to supplement ongoing programs for health and safety repairs. These rebates will encourage homeowners to do painting, landscaping, fence repairs and other exterior improvements.
- Streamline the permitting process with on-line services and the use of other technological efficiencies highlighted in the 2003 Sommers Report<sup>1</sup> on operational improvements at the Inspectional Services Department (ISD).
- Implement an interagency coordinated attack on abandoned and eyesore properties. This will include a *House of Shame* public information campaign, and the new



*Residential Assistance and Repair Effort* operated through ISD that includes condemnation, owner referrals to City assistance, and in some cases, receivership actions. Tax foreclosure enforcement and eminent domain takings will be pursued if necessary and appropriate.

- Commit to continue its efforts to get all vacant houses it receives through foreclosure back into productive use as quickly as possible. Specifically, the City will endeavor to ensure that all remaining properties in the current inventory will be sold and in construction or complete within a year and that all future foreclosures with clear title<sup>2</sup> will be in a redevelopment program on or before the day the previous owners' right to redeem the property expires<sup>3</sup>.
- Implement expanded *Don't Borrow Trouble* and foreclosure prevention efforts, including preventing homeowners from taking on predatory loans and assisting homeowners restructure existing loans and refinance out of predatory loans with the support of Freddie Mac.
- Create the *Boston Homebuyer Investment Fund* on a demonstration basis, to help homebuyers that are currently priced out of the market. In this fund, investors will provide capital to the homebuyer in exchange for a proportionate share of future property appreciation that is paid upon the sale or refinancing of the property.
- Increase the number of minority homebuyers. Fannie Mae will be a key partner in this effort with a target of doubling the number of first-time minority buyers it finances over the coming ten years.
- Expand credit management training efforts to help more people become qualified to buy or become better at managing the expenses of a home.
- Offer Homeownership Fairs in neighborhood locations to inform the public about existing and new services for both homebuyers and homeowners.

**GOAL 2. Produce More Housing.** The City will continue to make its contribution to addressing the regional housing production shortfall by producing new housing. Specifically, the City's goal is to:

**Produce 10,000 new units of housing,  
2,100 of which will be below-market affordable units**

To achieve this goal, the City will:

- Continue to make the development of new affordable housing a top priority with a target of 2,100 new affordable units<sup>4</sup>. 75% of those new affordable units will be for low- and moderate-income households<sup>5</sup>.

- Implement a demonstration program to increase the City's inclusionary development requirement. New projects will be required to set aside 15% of the market-rate units for affordable housing compared to the current 10% requirement<sup>6</sup>.
- Enact technological and other recommendations of the Sommers Report on ISD management systems to improve the housing permitting process.
- Stimulate new downtown housing development through new incentive zoning that permits taller residential buildings in the downtown core.
- Encourage green building design in new housing to improve both long-term operating efficiency and environmental quality for the residents. Fund feasibility studies to help developers pursue this technology.
- Promote well-designed higher density housing around transit and commercial nodes such as the Fairmount Line stations planned for Dorchester and Jackson Square in Roxbury, as well as the neighborhood business districts.
- Expand the role of educational and medical institutions as housing providers by supporting their efforts to build graduate student housing and housing for faculty and staff.
- Pilot a new owner-builder housing program in mid-2004. The *Boston Build Home Program* will offer City-owned land to moderate- / middle-income first-time homebuyers to build a home.
- Create new housing development opportunities for small contractors. Packages of City-owned lots will be offered to small contractors that have a demonstrated capacity to build quality housing at affordable prices.

**GOAL 3: Retain Affordable Housing for Boston's Workforce.** The City will expand its efforts to preserve affordable housing to achieve the following goals:

**Preserve at least 3,000 units of affordable rental housing**

**Convert 300 units of unregulated rental housing into new,  
long-term affordable housing**

To achieve this goal, the City will:

- Preserve 75% of the 2,746 governmentally assisted rental units that are at-risk of becoming market rate through mid-2007. Preserve non-profit owned housing that is in financial or physical distress.

- Renovate its public housing stock through the *HOPE-6* program and reconfigure several hundred units to make them accessible to people with disabilities.
- Offer a new pilot *Rental Housing Acquisition Program* that will assist non-profit and private owners to buy existing unregulated rental housing and operate it as affordable housing.

**GOAL 4: Expand the City's Commitment to House the Homeless.** The City believes it must expand its efforts to house the homeless when reclamation of its vacant public housing units has been completed. This will be a challenging task in an era of diminishing Federal rental housing assistance. Siting of homeless facilities in a manner that has community support can also be challenging. To meet this new challenge, the City will:

**Launch a new \$10 million campaign to prevent homelessness and expand housing opportunities for Boston's existing homeless**

To achieve this goal, the City will:

- Support an expanded homelessness prevention effort by engaging homeless service providers and foundations to develop and implement new strategies aimed at keeping people in their existing housing wherever possible. This includes working with the State to ensure full implementation of the State policy of not discharging people from State institutions such as prisons or mental health facilities to homelessness.
- Expand housing opportunities for the full spectrum of Boston's homeless population, ranging from transitional housing to single room occupancy units for homeless individuals to larger units for families. This includes offering financial incentives to developers to provide more units for the homeless than are currently required in the City's 10% homeless set-aside policy.
- Make special outreach efforts to ensure that families residing in hotels/motels, and the street homeless have improved access to the housing produced by this initiative.
- Facilitate better coordination of support services to children who remain in hotels/motels.
- Raise matching funds to support this campaign. The City is setting aside \$5 million of its own funds and will aggressively pursue public, private and philanthropic partners to raise an additional \$5 million.
- Build a strengthened City-State collaboration on homelessness to better coordinate and deliver services.

## Resources and Partners

Much of Boston's ability to achieve its housing goals to date can be attributed to the development of new resources and to the commitments made by its partners. This plan will continue and expand upon that tradition.

### DEVELOP NEW CITY RESOURCES FOR HOUSING

The City currently expects to commit \$56 million in ongoing housing resources such as Linkage, Community Development Block Grant, and HOME funds to support this housing effort. This is not enough to achieve all of the goals that this plan has set out. To fill this funding gap, the City is setting a fundraising target:

### **\$25 million in new resources for affordable housing**

These funds will come from a variety of planned sources:

- One Lincoln Street: \$7.5 million has been received by the City from the sale of this property this year, all of which has been dedicated to support these new initiatives;
- Hayward Place: \$10 million from the sale of Hayward Place will be set aside to fund the programs and initiatives in this plan. At least some of these future proceeds should be available during the period covered by this plan;
- Tax Foreclosed Property Sales: As the City begins to offer some of its foreclosed properties for market-rate development, it will seek to make available the net proceeds from those sales to the initiatives described in this plan through the end of fiscal year 2007;
- Hotel Loan Fund Income: The City's loan fund to support three new hotels in Boston will generate income and fees. Those revenues, currently estimated in the \$1.5 million range, will become a dedicated revenue stream for affordable housing;
- Inclusionary Development Fees: The City will permit a developer to make a cash contribution rather than build on-site inclusionary units. Those revenues, projected to be between \$1 million and \$3 million annually, will become a new source of funding to support affordable housing production. This cash-out option will also be amended to reflect the increase in the on-site requirement under the Inclusionary Development demonstration program;
- Linkage Formula: The next date when the Linkage formula can be inflation-adjusted will occur in 2005. At that time, the City will reconvene the Linkage Committee to evaluate the feasibility of making the adjustment;
- Additional Sources: the City will continue to investigate all available options to raise the funds necessary to make its fundraising target throughout the life of this plan.

These new funds will primarily be made available to affordable housing developers in a regularly scheduled open and competitive process. The City is also setting a target of ensuring that 90% of the combined \$81 million in resources dedicated to this plan will be used to benefit low-to-moderate income households earning less than 80% of the area median income.

- **Advocacy:** For many years, Mayor Menino has championed the issue of affordable housing at the local and national level. Keeping the issue in the public eye is critical to influencing policy-makers to make resources available for this issue. There is now renewed interest at the state level in affordable housing. At the federal level there are more mixed results: new funding for homeownership downpayments and a significant retrenchment in the Section 8 rental assistance program. The challenge in the coming years will be to maintain the forward momentum where it is happening, and reverse the negative federal trends with regard to rental housing. The City of Boston is committed to continuing its role as a local and national voice for preserving and expanding access to affordable housing.

In addition to the City-raised resources, we are looking for expanded roles from the other levels of government. Specifically, the City is looking for:

- **Federal Homeownership Tax Credit:** This is a new tax credit incentive similar to the one now in existence for rental housing that could provide \$40,000 per unit in development assistance. It has bipartisan support in Congress;
- **Section 8 Program:** Due to federal cutbacks, the Section 8 program has been all but shut down with little prospect of resuming in the foreseeable future. In fact it may become necessary to revoke some existing tenant vouchers in order to make the program financially solvent. If that happens, shelter populations will likely rise as fewer households will have access to rent assistance. In addition, otherwise feasible low-income rental housing projects may have to be shelved if there are no project-based Section 8 vouchers available;
- **Commonwealth Housing Task Force Recommendations:** Increasing the share of the State's bonding authority used for housing from 9.1% to 15% could add as much as \$60 million to the State's budget for housing every year, and would have no net budgetary impact. Close to \$400 million could be raised from selling off surplus assets. The City proposes that the timetable for phasing in these two actions be fast-tracked to a much shorter timeframe than the currently proposed ten years;
- **Massachusetts Housing Partnership (MHP).** MHP has been an invaluable partner in both homeownership (Soft Second Program) and in affordable housing development (MHP Fund). Bank of America will soon be recapitalizing the MHP fund by over \$400 million. Bank of America will also provide \$18 million in grant funds to enhance the MHP's lending products. This will greatly enhance the ability of MHP to expand its role a critical lending partner for affordable housing in the coming years.

- MassHousing's Priority Development Fund: Earlier this year, MassHousing announced that it would use \$100 million of its surplus reserve funds to support 5,000 units of new housing production, at least 20% of which must be affordable. The City lauds MassHousing for its creative efforts to bring new resources to housing, and encourages the State to quickly make these resources available.

#### EXPAND THE ROLE OF BOSTON'S PARTNERS

Boston's Federal and State partners have contributed a combined two dollars for every one City dollar provided for Boston's housing agenda over the last three years. Historically these partners have participated on a project-by-project basis. We want to expand that idea and encourage our partners to adopt issues and develop with the City a joint set of goals and actions to address those issues. Partnership opportunities include:

- **Lenders:** The Menino Administration believes that there are enormous opportunities for lenders to elevate their role beyond the project-by-project financing role. To that end, the following commitments have been secured:

Bank of America has offered to make available up to \$200 million in new financing over four years to support community development in Boston, a significant portion of which will be used to finance housing production and preservation. This financing will be at advantageous terms and includes the introduction of the Bank of America Community Impact Loan product to Boston. The Bank will also provide \$3 million in grants over four years to support the City's neighborhood development efforts, including affordable housing.

Citizens Bank will be providing \$84 million in loans over four years to support *LTW II*. This includes earmarking \$50 million from its new *Citizens Housing Bank* discounted loan program to support the new *Rental Acquisition Pilot Program* as well as new affordable housing production. Citizens Bank will also offer \$2 million in loans of up to \$5,000 at 1% interest to help homeowners make exterior home improvements. It will also provide \$20 million in special financing to owner-builders in the *Boston Build Home Program* as well as \$8 million in discounted financing to homeowners that bring vacant units back on line. \$4 million in refinancing loans will be made available to victims of predatory lenders. Additionally, Citizens will provide \$300,000 in grants including \$200,000 for homeless housing programs and \$100,000 for homebuyer and homeowner technical assistance workshops, training and outreach. Finally, Citizens bank is offering to provide its executive leadership to help lead the City's efforts to raise \$5 million in new funds for the homeless.

The Federal Home Loan Bank of Boston has also committed to continue to make its vitally important Affordable Housing Program and new Equity Builder Program available to support Boston's housing agenda.



Representatives from Boston Private Bank and Eastern Bank were also on the Mayor's Advisory Panel on Housing, and both have shown a strong interest in similarly making capital available for the initiatives included in this plan. Building from this, the City will continue to work with all of Boston's lenders to develop a better-coordinated flow of financing to affordable housing.

- **Fannie Mae** has made a commitment to double the number of minority first-time homebuyers it finances in Boston on an annual basis over the next ten years. The Boston Home Center will work closely with Fannie Mae to support achieving this goal on an accelerated basis;
- **Freddie Mac** will expand its role as a central partner in Boston's efforts to attack the problem of predatory lending and prevent homeowners from losing their homes to foreclosure. They will expand their support for *Don't Borrow Trouble* with seed funding for implementation of the Spanish language version of the awareness campaign and additional financial education efforts. Future enhancements are also planned to make additional resources available for flexible refinancing products that enable homeowners to avoid predatory lenders and prevent foreclosure by predatory lenders;
- **Keyspan Energy** has set a target of providing \$1.7 million in grants over four years to support energy conservation in housing occupied by low-income people. They will provide \$500,000 over four years in matching grants to replace outdated/broken heating systems for elderly and other low-income homeowners that are eligible for fuel assistance. Additionally, they will earmark \$1.2 million in energy conservation funds to support the Boston Housing Authority's efforts to modernize its heating systems and undertake related energy conservation efforts;
- **Non-Profit Housing Developers:** Boston's community development corporations and non-profit developers have been a critical element in the drive to produce more affordable housing for many years. Over 66% of the new affordable units built over the last three years were created by these organizations. This plan will ask these organizations to further broaden their role in Boston's housing agenda;
- **Faith-based Organizations:** The Boston Archdiocese is on the cusp of a significant property sales effort. The City will pursue a partnership with the Archdiocese and other faith-based organizations to ensure that the sale of their properties is conducted in a way that is respectful of the needs of community residents including the need for affordable housing;
- **Foundations:** Boston's foundation community has long supported many important housing initiatives in Boston. The City wants to build from that tradition by developing joint housing initiatives especially with regard to the homeless;



- **Colleges, Universities and Medical Institutions:** The City is pursuing these organizations to broaden their role in housing by going beyond undergraduate dormitories to include graduate student housing and housing for faculty and staff;
- **Unions:** The building trades have been critical to the successful delivery of Boston's housing agenda. The City is also looking for new ways that the building trades may be able to participate in Boston's housing efforts such as through union-built panelized housing.

## I. INTRODUCTION

### WHERE WE HAVE BEEN

In his January 1999 State of the City address, Mayor Thomas M. Menino recognized Boston's housing shortage as a top priority for City action. To underline the City's commitment to focus on this matter, he took two steps. He created a new cabinet level position, Chief of Housing, and issued a challenge to City agencies and the development community to collaborate and double housing production from under 900 units to 2,000 units in just one year. By the beginning of 2000, the rate of housing production had more than doubled.

However, by that time it had become clear that increased housing production alone would not address all of Boston's housing needs. In the spring of 2000, the Mayor convened an expert panel of advisors to formulate a new housing strategy. In 2000, the City embarked on a new three-year comprehensive housing campaign called *Leading The Way (LTW I)*, an ambitious campaign designed to address the full spectrum of housing needs from homelessness to homeownership. The *LTW I* plan was not only goal-driven in that it defined for all major housing issues a set of clear and measurable outcomes to be achieved in those three years, but also because it required that the collaborations established in the successful Housing 2000 effort be extended. In fact, the Mayor's Advisory Panel that framed the policy was a reflection of the public, private, profit and nonprofit partnerships that would be necessary to achieve these far-reaching goals.

In an effort to jumpstart this new campaign, and to prove that the City was willing to put its own money into the process, the Mayor took the unprecedented step of committing \$33 million in resources funded through the sale of surplus municipal assets to the production of new housing.

By the time *LTW I* concluded in June 2003, despite a widely changed economic climate, most of its ambitious goals had been achieved. These accomplishments have set the stage for this successor housing strategy, *Leading the Way II (LTW II)*, which will take the city through June 30, 2007. Like its predecessor, this plan has been framed as a goal-driven policy with measurable outcomes that will rely heavily upon partnership to build upon its successes.

In these next pages, we will outline the major accomplishments of the last three years that form the baseline for Boston's new housing strategy.



Mayor Menino is joined by elected officials at the groundbreaking of Harvard Commons.

### Market Rate Housing Production

In *LTW I*, the City challenged the private sector to create new market rate housing in an effort to alleviate the overall housing shortage, but especially because low-moderate income families could not compete with those residents who could afford to pay market rates. Stimulating production of new market rate housing was seen as one stratagem to ensure that those who could afford market rate housing would not monopolize the available affordable housing stock, limited as it was. A target of 4,300 units was set and came from a variety of sources -- everything from large developments such as Liberty Place in downtown Boston (439 units), to the reclamation of individual housing units via the hundreds of abandoned buildings throughout Boston's neighborhoods. New housing units were also created through the adaptive reuse of non-residential properties such as Court Square Press (132 units). By the time the plan was completed, the private sector had substantially exceeded its target; 5,030 units were permitted during the course of *LTW I*.



Court Square Press: This adaptive reuse will yield 132 new units of housing.



530 Commonwealth Avenue, Boston: New dormitories will relieve rental housing pressure on local neighborhoods.

In addition to conventional market rate housing, the City also sought to lessen the impact of another source of strain on the affordable housing market -- college students. Throughout the three years of *LTW I*, the City worked with local colleges and universities to provide more on-campus housing for their students. In three years, these institutions created 3,107 dorm beds and 220 on-campus apartments, returning almost 1,000 apartments to the residential housing market.

### Affordable Housing Production

A key element of the *LTW I* strategy was to increase the rate at which affordable housing was created. The plan set a target of creating 2,100 new affordable units over three years. At the end of the timeframe, that target had been exceeded with more than 2,200 affordable units permitted. 88% of the affordable units were affordable to low- and moderate-income households.

Mayor Menino stressed that quality in design was also a critical element of this affordable housing initiative. New affordable housing should enhance the "quality of life" of the neighborhood. House design should complement the character of their neighborhood with the result that affordable housing looks as good or better than privately funded housing in the neighborhood.



Elven Road, Roslindale:  
New construction of 5  
homeownership and 3 rental units.

In much the same way that private developers were responsible for attaining the market-rate housing production goal, the goal for affordable housing production could not have been achieved without strong partners. In fact, non-profit developers were the principal partners, building 66% of all affordable units created in the three years of *LTW I*.

### Inclusionary Development Policy

Early in 2000, the City established an inclusionary development policy. This policy required developers of market-rate housing of more than ten units that needed relief from the Boston Zoning Code to set aside 10% of their units for affordable housing. By 2001, this policy had begun to yield new affordable

units that did not require any city subsidy. Over the three years, 186 inclusionary units were created.

### Vacant Public Housing

One of the most ambitious elements of *LTW I* was a goal to reclaim all remaining vacant public housing units during the three-year timeframe. When *LTW I* ended, 920 units were finished or in construction. More than 84% of these units are expected to go to those that are currently homeless, or are at greatest risk of becoming homeless.

### Lenders

Boston's lenders were key players in successfully delivering on the City's affordable housing production goals and in the reclamation of vacant public housing units. During *LTW I*, the City and BHA-sponsored housing represented \$750 million in development. Two-thirds of that, more than a half-billion dollars, came from private lenders and investors. For *LTW II*, continuing the strong role of private lenders will be critical to sustaining the City's efforts to produce and preserve more affordable housing.

### Homeless

In addition to the enormous benefit for the homeless resulting from the reclamation of vacant public housing units, the Menino administration also implemented a Homeless Set-Aside Policy that required all assisted rental housing projects with ten units or more to set aside 10% of those units for the homeless. The City was able to create 312 new units for the homeless. One of the clear benefits of this policy was that it enabled homeless units to be created in neighborhoods throughout the City.



West Broadway, South Boston:  
Rendering of BHA public housing  
redevelopment (currently under construction).

Multifamily Housing Preservation

Preserving every possible unit of existing affordable housing became a very high priority in the *LTW I* plan. Not only is it vastly less costly to preserve an existing unit of affordable housing than it is to create a replacement unit, but it was also timely, with many Federally-assisted buildings at the end of their 30-year mortgages. The Menino administration set a target to preserve at least 75% of the at-risk Federally-assisted units and 100% of the State-assisted SHARP units. At the end of *LTW I*, none of the Federally-assisted units had been converted to market-rate. 76% of those units had been preserved for five or more years and 24% remained affordable on a year-to-year basis. Of the 1,242 State assisted affordable SHARP units, only 12 units were lost.



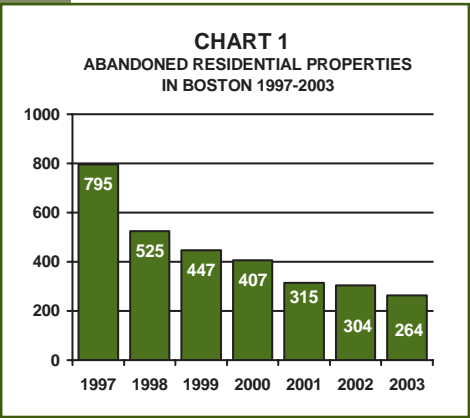
Pondview, Jamaica Plain: 60 units of low-income housing were preserved here.

Fair Housing

The Affirmative Fair Housing Marketing Program promotes equal access to government-assisted, and inclusionary housing. During *LTW I*, the Commission reviewed and monitored more than 100 affirmative marketing plans; provided information about housing opportunities in more than 100 communities in the Boston area via the Metrolist Program; and provided counseling services to more than 4,000 households.

Abandoned Houses

The Menino Administration views abandoned houses as the city's most visible underutilized housing resource. Historically, houses remained abandoned because the cost of rehabilitation was higher than the after-rehabilitation market value of the property. As housing values have increased, the economics of reclaiming even distressed abandoned properties became more attractive. Recognizing this opportunity, abandoned building renovation has become a high priority. During *LTW I*, one-third of the abandoned buildings in the city were reclaimed. One key reason for this success was a concerted effort by the City to make all of its foreclosed abandoned houses available for redevelopment. Between 2001 and 2004, the City reduced its inventory of vacant houses from 35 houses to just five.





### Vacant Land

The City offered to make as many as 1,000 parcels of City-owned vacant land available to support its affordable housing production agenda. Developers were also able to acquire several larger properties in the private market that lessened the dependency on City-owned holdings. By the end of the three years, 392 City-owned parcels had been used for new affordable housing and another 517 parcels had been lined up to support new housing development as resources become available.

### Completing Leading the Way I

Some projects begun during *LTW I* have yet to be completed. For example, some projects have been held up because of financing difficulties resulting from the lack of project-based Section 8s. Privately financed projects are also facing a more difficult funding environment in this economy that could slow construction schedules. The City has worked closely with developers to facilitate getting all projects into construction and complete. As of March 2004, 90% of the affordable units and 86% of the market rate units were now in construction or complete. Getting the remaining 280 affordable units and 495 market rate units into construction will be a top priority in the early months of *LTW II*.

### LOOKING FORWARD

This new housing strategy seeks to build upon the best of what has been achieved in the past three years. Yet this plan cannot simply continue current strategies into the future without change. When *LTW I* was formulated, Boston had just experienced eight years of uninterrupted economic growth. Today, the city is emerging from three years of recession. In 2000, Federal, State and local governments routinely had surpluses. In 2004, austere budgets with cuts in almost every service are the norm.

Any new strategy must recognize these new realities. We must take the best of what we have learned and apply those experiences to what we now face. *LTW II* seeks to do just that. It assesses the new realities of regional and local market forces. It documents the needs that are created from those market forces and identifies those policy strategies that the City believes can best meet them. It puts forward a plan of action that is financially realistic. Finally, like its predecessor, *LTW II* has established clear and measurable performance outcomes for every major housing issue.

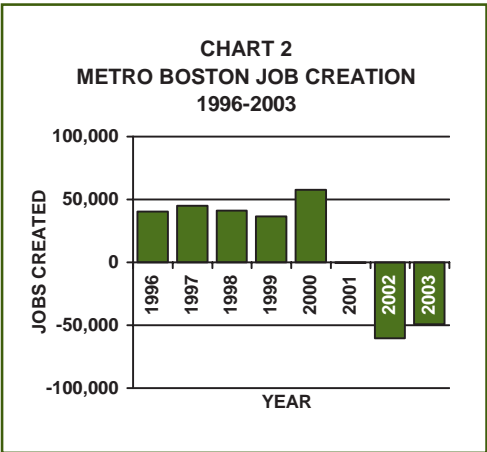


Mayor Menino cuts the ribbon at Bowdoin Geneva II, celebrating 5 new 2-family homes built on City land.

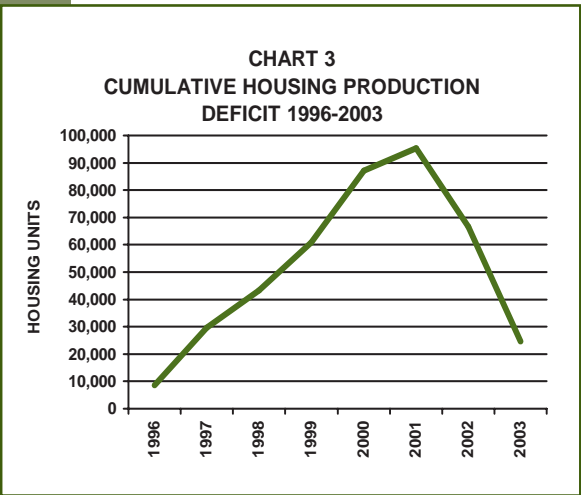
## II. CONTEXT: THE REGIONAL HOUSING MARKET

### THE GREATER BOSTON HOUSING PRODUCTION DEFICIT

As just one of 127 communities in the Greater Boston area, Boston has a housing market that is primarily driven by regional economic forces. As regional employment rises, demand for new housing also increases. When housing production lags behind economic growth, housing shortages develop and prices and rents are driven upward. This was the situation in 1996, when the effects of the recession earlier that decade were noted in the housing market. Chart 2 shows the number of jobs added to the Greater Boston economy between 1996 and 2003. More than 220,000 jobs were added to the regional economy between 1996 and 2000. To accommodate that job growth, 125,000 new units of housing were needed<sup>7</sup>, yet only 38,500 units were built. It is this shortfall that led to the rapid run-up in housing prices during this period.



In the last three years, however, Greater Boston lost more than 110,000 jobs. Why has this not led to declining prices as it did during the recession of 1989-1991? Perhaps because the cumulative housing production deficit of the previous six years was so large that even with declining demand in 2002 and 2003, the housing stock still was unable to fully accommodate the needs of the workforce and increase the vacancy rate to the level that would keep prices from rising. Chart 3 shows the cumulative housing production deficit since 1996. After reaching a peak deficit of 95,000 units in 2001, the deficit has dropped to 25,000 units in 2003. The market is much closer to being in balance than it has been in many years, but a clear shortage still exists.



For the period 2004 to 2007, the New England Economic Project forecasts a modest employment rebound for the Massachusetts economy of between 0.9% and 1.8% per year. This translates to approximately 18,000-35,000 jobs per year for Greater Boston. To accommodate this growth, between 9,000 and 21,000 new housing units per year would need to be created. With regional housing production currently running at just 9,000 units per year, economists expect that the housing production

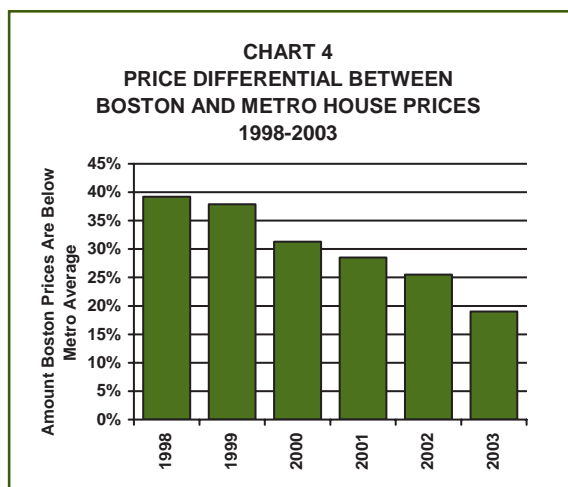


deficit could begin to rise again in 2005, bringing with it new pressure on rents and house prices. An aggressive housing production campaign will be needed to prevent a new round of rent and price inflation.

### THE NARROWING GAP BETWEEN CITY AND SUBURBAN HOUSING PRICES

An additional regional market factor has exerted a significant impact on housing values in Boston over the last several years: the declining differentiation between urban and suburban housing markets. Historically, housing values in urban neighborhoods, except for highly desirable downtown neighborhoods, have lagged substantially behind suburban communities. That changed in the mid-1990s and has not changed in subsequent years. Significant improvements in the quality of life in Boston's neighborhoods, plummeting crime rates, new schools and parks and the elimination of abandonment in many neighborhoods has changed consumers' perceptions about urban living. In 1997, the *Boston: It's All Right Here* campaign seized upon this reality, showcasing the attractions of city living in Boston's neighborhoods. More and more people began to view Boston's neighborhoods as attractive alternatives to either high-priced suburbs, or lower-cost communities that were an hour or more commute away from work. Steadily, the difference between urban and suburban house prices has narrowed.

As shown in Chart 4, the median single-family house price in Boston in 1998 was almost 40% below the metropolitan average. By 2003, that difference had dropped to slightly more than 19%. Between 1998 and mid-2003, single-family house prices in Boston grew 112%, compared to a regional increase of 60%. Some lower-priced neighborhoods



experienced even more extreme price inflation. Between 1998 and 2003 prices increased: 185% in Roxbury; 152% in East Boston; 137% in Dorchester and 122% in Mattapan. This rapid rise in valuation, while good for the overall profile of the neighborhoods and for the individual homeowner, means that market prices within the reach of moderate-income families have all but disappeared. In turn, this puts even more pressure on the existing inventory of government-assisted affordable housing.



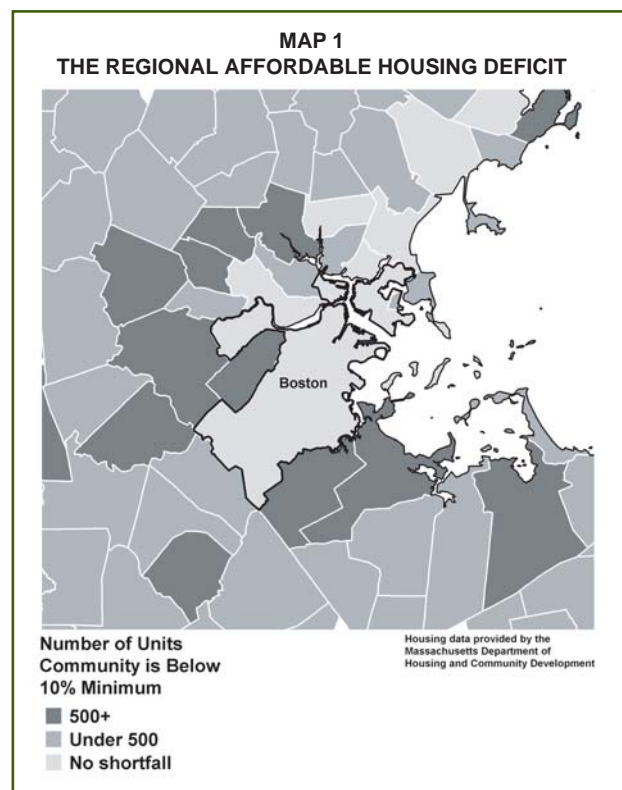
### THE GREATER BOSTON AFFORDABLE HOUSING DEFICIT

In 1997, only seven of the 126 communities in Greater Boston other than Boston had met the state requirement of having 10% of their housing stock composed of government-assisted affordable housing. Very little has changed since then. The most recent statistics from the state indicate that now eight of the 126 communities outside Boston have met their 10% target. Framingham and Revere have been added to the list of compliant towns, while Lincoln has fallen behind. The effect of this lack of compliance cannot be underestimated. If every community in Greater Boston had reached its target, there would be 35,700 more affordable units than there are today. That figure comprises Greater Boston's affordable housing deficit.

As shown on Map 1, the communities with the largest affordable housing deficits are primarily Boston's closest neighbors. In fact, more than half of the affordable housing deficit is located in a tight ring of communities inside Route 128 that surround Boston, Cambridge, Chelsea and Revere.

Despite this deficit, there has been a concerted effort to overturn or otherwise weaken the State's Comprehensive Permit Law (Chapter 40B) and to reduce the rate of affordable housing production in the suburbs. A 2002 study by the Center for Urban and Regional Policy at Northeastern University showed that 77% of the affordable housing produced in communities that were below the 10% requirement was created solely as a result of the Chapter 40B law. Overturning Chapter 40B would effectively shut down the production of affordable housing in the vast majority of communities in the metropolitan area.

To their credit, State leaders and the housing advocacy community have, so far, been able to push back attempts to undo Chapter 40B, but the pressure continues. The City will continue to support those leaders that work to protect this critical tool for affordable housing production.



### III. POLICY DIRECTIONS FOR BOSTON

Boston is surrounded by a ring of communities with significant affordable housing deficits. It faces the double-pronged pressure of a regional housing production shortfall and highly desirable city neighborhoods that have pushed up prices at a rate substantially exceeding the regional average. Is Boston swimming against the tide of huge regional market forces that it cannot control?

The answer to that question is a qualified yes. Without more action from each of the other 126 communities in our region, it will not be possible for Boston alone to produce enough housing to solve the housing crisis. But for the more than 3,000 households who have or will receive new affordable housing, or the more than 5,000 renters that were protected from displacement as a result of *LTW I*, the City's efforts are well worthwhile.

The Menino Administration chose the *Leading The Way* moniker for its housing strategy in 2000 in recognition of the regional nature of our housing problems. Boston was willing to lead by example, but others must join if we are to truly address the region's housing needs.

To a limited degree, some of that is now beginning to happen:

- Two more communities have reached their 10% goal of affordable housing.
- Earlier this year, Governor Romney committed to double statewide housing production over the next two years.
- The Commonwealth Housing Task Force was convened in 2002 to look for statewide housing solutions, and its recommendations include expanding incentives for new housing in town centers and around transit nodes as well as increasing the resources for affordable housing development.
- At the beginning of 2004, MassHousing, a quasi-state agency which finances affordable housing, announced that it would use \$100 million of its reserves to support the development of 5,000 units of housing, at least 20% of which would be affordable.
- The Greater Boston Chamber of Commerce has recently recognized housing costs as one of the key factors limiting the region's ability to grow economically.



BRA Director Mark Moloney is joined by Mayor Menino and others at a groundbreaking ceremony in Charlestown.

However, while movement has commenced, the regional housing shortage still dominates Boston's market. The following sections examine how those market forces affect the various components of Boston's housing market, from the homeless to homeowners. With an understanding of the underlying market forces, policy directions for future actions may be identified.

## THE HOMEOWNERSHIP MARKET

### Market Conditions

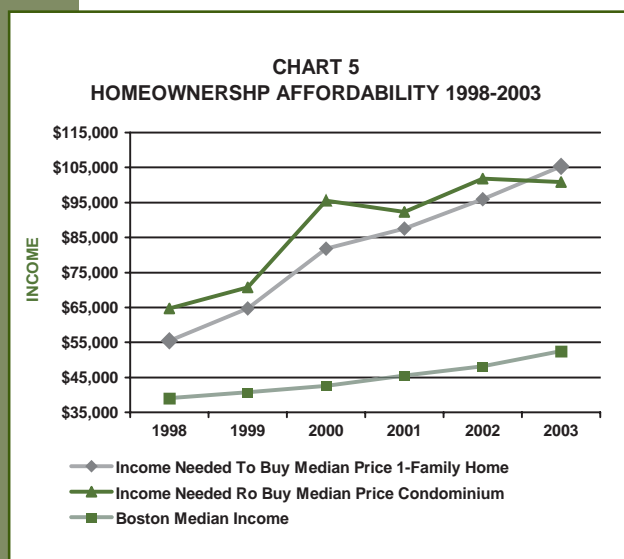
Since 1998, residential sales prices in Boston have increased 109%. Three-family homes have seen the most dramatic increase in prices -- 187%. This figure reflects not only the late recovery of three-family home prices after the real estate slump of the early 1990's, but also their newfound desirability as properties that could easily be converted into condominiums.

TABLE 1 HOUSE PRICE CHANGES IN BOSTON 1997-2003					
	1998		2003		% Change in Median Price
	Median \$	Sales Volume	Median \$	Sales Volume	
Single-Family	\$157,000	1,420	\$333,000	1,235	112%
Two-Family	\$170,000	913	\$410,000	666	141%
Three-Family	\$155,000	958	\$445,200	754	187%
Condominium	\$165,000	3,750	\$312,500	4,540	89%
All Types	\$162,500	7,041	\$340,000	7,195	109%

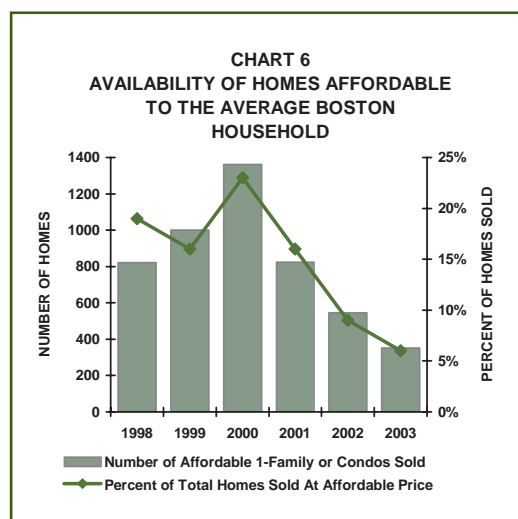
Although condominiums have shown the slowest overall appreciation, with an 89% increase in value between 1998 and 2003, the market share of condominiums has grown considerably during this period: from 53.3% of sales in 1998 to 63.0% in 2003. Increased condominium conversions and new development in neighborhoods that are lower-priced by comparison and not historically dominated by

condominiums (e.g. South Boston, Dorchester) are the primary reasons that average condominium prices have not kept pace with the overall market. In addition, this rapid expansion of condominiums into areas of the city that they had not traditionally been reflects the need of homebuyers priced out of the single-family market for more affordable alternatives.

In 1998, a household earning \$55,500 could afford the median-priced single family home in Boston. By 2003, the household income needed to buy that single family had nearly doubled to \$105,300 despite dropping



interest rates. Only 25% of Boston residents have an income at or above that level. The condominium market offers little better: an income of \$100,800 is needed to buy the average condominium today<sup>8</sup>.

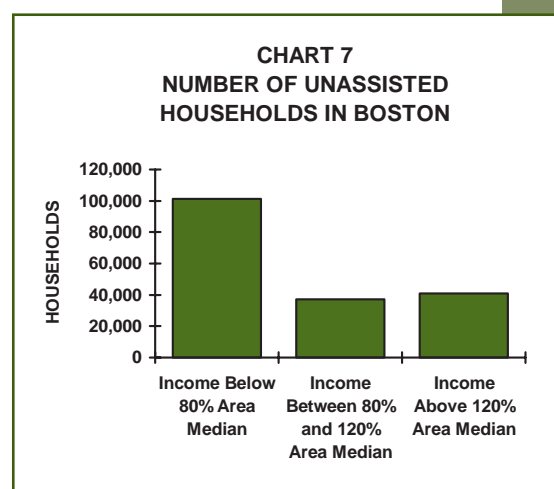


A family of four earning Boston's 2003 median income of \$52,520<sup>8</sup> can afford a single-family purchase price of \$175,100 or less or a condominium selling for under \$154,900. As shown in Chart 5, only 351 of the 5,726 single-family homes or condos sold in 2003 were sold at or below those prices. That figure represents just 6% of sales.

In addition, there is a growing unserved segment of the homeownership market. Most governmentally assisted

homeownership development programs limit buyers to 80% of area median income (\$62,650 in 2003) assuming that the private market can serve those with higher incomes. Five years ago, this assumption was largely true. That is not the case today. For homebuyers with incomes of more than \$62,650 and less than the \$100,800-\$105,300 needed to buy the average house or condominium in the open market, there are increasingly few options. These middle-class households, representing 21% of Boston's population, would have historically been in the market for their first home, but are too rich to get governmentally assisted homes yet too poor to afford the open market. Locked out of the ownership market, they remain in rental housing, increasing the upward pressure on rents. Chart 7 further illustrates this by showing the number of households not already in subsidized housing in each of three income classes: 1) low- and moderate-income, 2) middle-income and 3) upper-income.

High house prices are also having a negative impact on access to homeownership for minority homebuyers. According to the Massachusetts Community Banking Council<sup>9</sup>, the percentage of home loans in Boston going to African-American borrowers dropped from 12.1% in 1998 to 10.3% in 2002. By comparison, African-American households represent 21.4% of all Boston households. One key factor contributing to this drop is the lack of houses at prices affordable to moderate-income households. In 1998, 32% of borrowers were low- and moderate-income; by 2002, only 21% were.





A second contributing factor to the decline in minority homebuying rates may also be the increasing market dominance of lenders that are not governed by the Community Reinvestment Act ("non-CRA lender") such as out-of-state banks and mortgage companies. In 1998, non-CRA lenders made 57% of all home purchase loans in Boston. By 2002, that figure had risen to 74%. One category of non-CRA lender that is of significant concern is the sub-prime lender category. In the last five years, sub-prime lenders have almost doubled their market share from 4% of loans to 7.6% in 2002. These lenders often have much higher rates and fees than conventional loans, sometimes to the degree that they are considered predatory loans, employing usurious rates and high fees. According to a recent study by ACORN<sup>10</sup>, African-American borrowers were 3.6 times more likely to get a predatory loan than a white borrower.

### Policy Directions

These market conditions indicate that a broader homeownership agenda is needed for the coming years. City programs that have primarily emphasized the need for homeownership for moderate-income homebuyers are no longer sufficient to address the current needs of all would-be homebuyers priced out of the market.

Neighborhoods historically considered to be working class are becoming too expensive, not only for the working class, but also for many in the middle class. As long as middle-income would-be homebuyers are staying in the rental market because there are so few suitable homebuying options for them, the rental market will feel continued pressure as middle-income households vie for the same apartments that have traditionally gone to families with more modest incomes. Increasing the homebuying options for this traditional class of first-time homebuyers not only gets the middle class back on track toward homeownership, but also benefits more moderate income renters by reducing excess pressure on the rental market. Additionally, strategies for increasing minority lending that do not depend on the Community Reinvestment Act (CRA) are going to be needed as non-CRA lenders now dominate the mortgage marketplace.

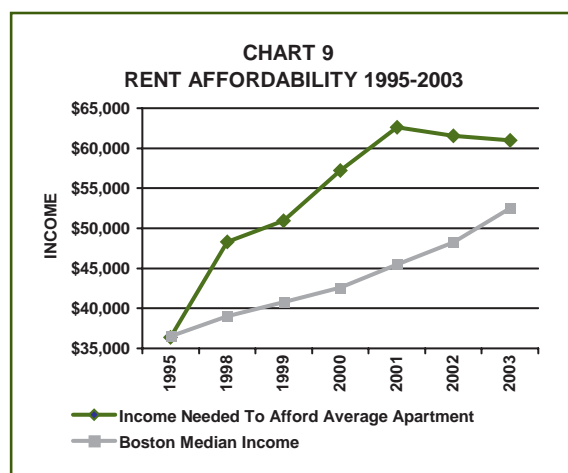
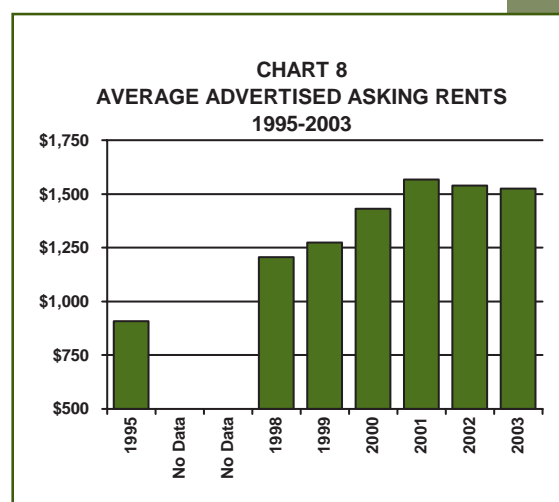
To achieve these objectives, the City will look to three strategies: 1) produce below-market housing targeted to both moderate- and middle-income households; 2) develop new financing tools that enable buyers to reach farther up in the private market so that more available properties are within their price range; and 3) work with lenders to increase minority homebuying opportunities. However, this approach must be balanced against other market concerns, specifically strategies that address the growing needs of middle-income homebuyers must not come at the expense of existing programs that create homeownership opportunities for lower-income families.

## THE RENTAL MARKET

### Market Conditions

Greater Boston is the 5th least affordable metropolitan area and Massachusetts is the least affordable state in the country according to *Out of Reach 2003*, a study by the National Low Income Housing Coalition. Between 1995 and 2001, asking rents increased from \$909 per month to \$1,566 (Chart 8). This is a 72% increase, more than twice the rate incomes grew during the same period. According to the 2000 U.S. Census, 32,669 renters in Boston paid more than 50% of their income in rent.

As Chart 9 illustrates, in 1995, a family earning the Boston median income of \$36,500 (65% of the area median income) paid 30% of their income on rent to afford the average apartment. By 2001, rent growth had so outpaced income growth that a renter would have to earn \$17,140 more than the median income in order to afford that average apartment. Between 2001 and 2003, income growth outpaced rent increases, and the gap narrowed to just over \$8,400. While the situation for above average income renters has stabilized, the average Bostonian is still facing a much higher rent burden than they were eight years ago.



more listings at affordable prices. However, these listings represent only one third of the apartments available for rent.

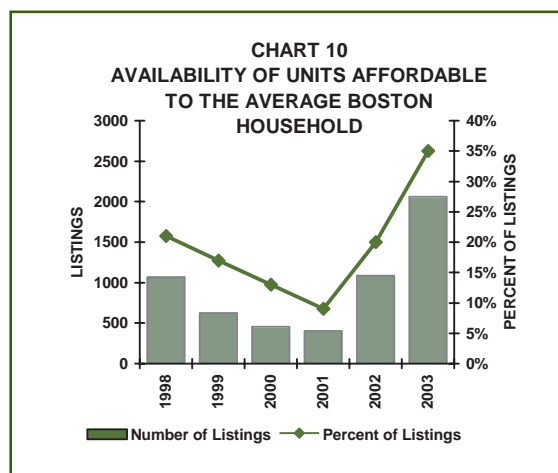
It is important to understand that the rental market also responds with more volatility to economic shifts than the homeownership market. In the 2001 rental market, small increases in vacancy rates signaled landlords to hold the line on rent increases, and

To better understand the situation the average family looking for an apartment is facing, Chart 10 (see next page) illustrates the number of listings that are actually affordable to the average Bostonian. In 2001, only 9% of the apartments listed were at prices affordable to the average Bostonian. Unlisted or word-of-mouth referrals were the only realistic way to find an affordable apartment. In the last two years, there have been



even to offer incentives such as 'no broker fee listings' or discounted first month's rent. Asking rents quickly stabilized.

Conversely, decreases in vacancy rates in 1996 signaled landlords to increase asking rents. Condominium conversions, stimulated by lower interest rates, can also reduce rental vacancy rates and put pressure on rents. The volatility of the rental market is an important factor in planning for the future because if there is an imminent economic rebound, vacancy rates will soon begin to decline, thereby triggering a new round of rent escalation.



### Policy Directions

The current stability in the rental market is likely to end as soon as employment growth returns. With that employment growth, we can posit that declining vacancy rates and increases in asking rents will not be far behind. Condominium conversions and would-be homebuyers kept in the rental market can also add pressure to the rental market even if employment growth is slow to return. In other words, the relative calm in the current market creates opportunities for City action, but is likely to be short-lived.

To meet the coming challenges in the rental housing market, the City will implement strategies to achieve the following: 1) prevent existing governmentally assisted housing from going to market rate; 2) increase the supply of market rate and assisted rental housing to maintain vacancy rates at a level that relieves pressure on the market; 3) retain unassisted affordably priced apartments by facilitating buyouts to owners that will stabilize rents; and 4) help would-be homebuyers get into homeownership and out of the rental market, especially while interest rates are low.

## PUBLIC HOUSING

Made possible in part by the City's unprecedented contribution of \$8.6 million of its own resources to public housing, the reclamation of almost 1,000 vacant public housing units was one of the most significant accomplishments of the *LTW I*. In a market where as little as 9% of the apartments on the market are affordable to the average Bostonian, the demand for public housing has never been greater. In 1999,



Cathedral Housing, South End:  
183 units were renovated at this BHA development.

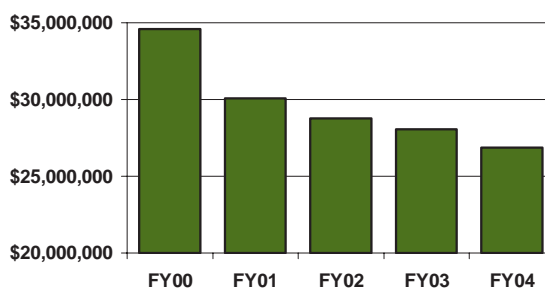
there were 15,000 households on the waiting list for the City's 14,000 public housing units. In 2004, despite bringing several hundred vacant units back on line in the previous three years, the waiting list had grown to more than 22,000 households.

The new challenge facing the Boston Housing Authority (BHA) is to maintain these gains in a very tight resource environment. As shown on Chart 11, Federal funding for BHA capital investments such as heating systems and

roofs has dropped by 22.4% since FY2000. Yet more families are now living under a BHA roof than at any time in recent history. In addition, an Americans with Disabilities Act (ADA) initiative at BHA will result in the reconfiguration of several hundred units at a cost of \$45 million over three years. This work will result in significantly improved access for people with disabilities, but will also constrain the BHA's capital investment capacity for the next several years.

Recently, a new crisis has been emerging with the Section 8 rental assistance program that the BHA administers. High utilization rates are putting pressure on the limited budget that the Federal government provides for this program. At the same time, current and planned Federal cutbacks are leading to a nationwide crisis. As currently proposed, Federal funding for Section 8 vouchers will not only be insufficient to issue any new Section 8 vouchers for the foreseeable future, but many housing authorities, including Boston, may have to revoke vouchers already being used by low-income families and individuals.

CHART 11  
BHA CAPITAL FUNDING FY2000-FY2003



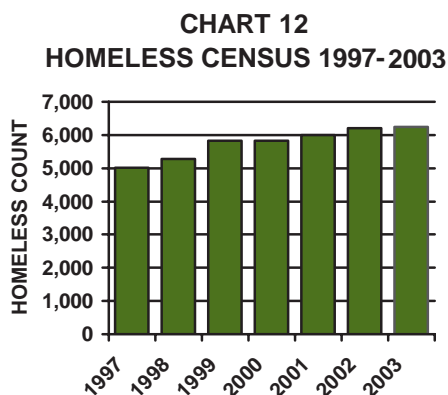
This crisis goes well beyond those on the BHA's waiting list. Most affordable rental housing development depends on getting new Section 8 contracts to support the low-income units. Without rent assistance, low-income rental projects may become infeasible and have to be shelved. In addition, Boston's homeless shelters depend on the Section 8 program to get people out of shelters and into permanent housing.

### Policy Directions

The current rental housing market makes it absolutely essential that the BHA keep every possible unit in its holdings available for rent. This will be a particularly challenging task in a diminishing resource environment and with significant new expenses related to the ADA initiative. The BHA will judiciously and creatively manage its limited capital resources to protect the gains that it has achieved over the past three years. The BHA will also continue its work with HUD to alleviate the Section 8 crisis. Finally, the Authority will continue to leverage private sector financing, as it has done in its West Broadway HOPE VI redevelopment and its Energy Performance Contract projects, to create new and renovated public housing units.

### THE HOMELESS

Nationwide, approximately 80% of the homeless population is homeless for economic reasons related to the cost of housing and job loss<sup>11</sup>. Given the enormous market pressures of the past several years, coupled with the more recent significant job losses, it was reasonable to expect an increase in the homeless population. But that has not been the case. While the number of homeless grew by 16% in the three-year period 1997-2000, it grew by only 7% during the following three years.



One reason that the homeless population may not have grown as was anticipated is the concerted effort by the Boston Housing Authority to bring as many of its vacant units back on line as quickly as possible. As of June 30, 2003, 542 vacant units were newly completed, with another 334 units were in construction. The homeless are at the top of the priority list for these newly available units; 84% of

the BHA priority list tenants are homeless or at high risk for becoming homeless. Additionally, turnover vacancies in the BHA's developments are being filled predominantly by the homeless. Beyond the BHA's efforts, another 83 units reserved for homeless individuals and families in City-sponsored projects were completed, with 229 more units reserved for homeless individuals and families under construction.

What happens in the longer term is more challenging. Most of the BHA vacant unit projects should be complete by 2005. This means, beginning in 2005, housing the homeless will have to depend almost entirely on BHA turnover vacancies and on City-sponsored new housing development. With an increasing number of ex-offenders getting released from prison in the coming years, there is a possibility that they may add to the homeless population if there are not suitable alternatives. To meet this challenge, the City will have to expand its approach to producing housing for the homeless, as well as dedicating significant resources to this effort.

The profile of homelessness in Boston is changing. Between 1997 and 2003, while the overall homeless population grew by 24.4%, the number of homeless women grew by more than 30%. Homeless children are the fastest growing segment of the homeless population, increasing by almost 45% over the last six years. On the night of the December 2003 homeless census, there were 115 homeless Boston families housed in hotels and motels because there were not enough family shelters to meet the current need. Families now represent almost 39% of the homeless compared to 21% of the homeless in 1997. The Boston Public Schools have 640 students receiving services through its homeless students programs.

TABLE 2 PROFILE OF BOSTON'S HOMELESS POPULATION 1997-2003									
	1997	1998	1999	2000	2001	2002	2003	Change 1997-2003	
								#	%
<b>Men</b>	2,974	3,079	3,341	3,143	3,249	3,271	3,447	473	15.9%
<b>Women</b>	1,149	1,206	1,308	1,380	1,427	1,572	1,503	354	30.8%
<b>Children</b>	893	987	1,171	1,298	1,325	1,367	1,291	398	44.6%
<b>Total</b>	<b>5,016</b>	<b>5,272</b>	<b>5,820</b>	<b>5,821</b>	<b>6,001</b>	<b>6,210</b>	<b>6,241</b>	<b>1,225</b>	<b>24.4%</b>

In December of 2003, 230 homeless people were living on the streets year round. This is up 28% from 1997 when there were 180 homeless on Boston's streets. Today, the street population is much more visible than in the past because State budget cuts for detoxification and day programs have resulted in an increased daytime street population.

It is important to note that Boston's homeless population is, in large part, the state's homeless population. A 2001 study by the McCormack Institute showed that 45% of the homeless individuals, and 23% of the homeless families served by the City are, in fact, from outside Boston. Moreover, more than half of those non-Boston homeless individuals are not even from the greater Boston area - they come from all parts of the state to Boston to find shelter.

An additional factor that will likely effect the homeless population in the near term is the lack of Section 8 vouchers. Resource shortages mean that the BHA will not be able to execute new Section 8 contracts for the foreseeable future and may even be forced to rescind some existing vouchers. Since Boston's shelters depend on this

program to find permanent housing for their clients, closing down the Section 8 voucher program will mean growing shelter populations as fewer people are able to move from shelter to permanent housing.



Faulkner Street, Dorchester:  
Housing with homeless set-aside.

### Policy Directions

While the City's efforts to reclaim vacant public housing units have been successful in curbing the growth of the homeless population over the past three years, this strategy is not sustainable into the future as the number of vacant public housing units rapidly diminishes. At the same time, the crisis in the Section 8 program will make it extremely difficult to create new units for the homeless. Homeless prevention will need to become the cornerstone of Boston's homeless strategy.

To address these emerging needs of the homeless, the City will develop and implement strategies to achieve the following: 1) expand efforts to prevent people from becoming homeless, including working with the State to improve discharge planning/housing for people coming out of State institutions such as prisons and mental health facilities; 2) develop a strengthened City-State partnership for the homeless in recognition of Boston's role as a provider of services for homeless people from all over the state, 3) create more housing for the full spectrum of the homeless including individuals living on the streets and homeless families; 4) increase the role of private and philanthropic partners to support the City's expanded homeless housing agenda.

### EXISTING PROPERTY OWNERS

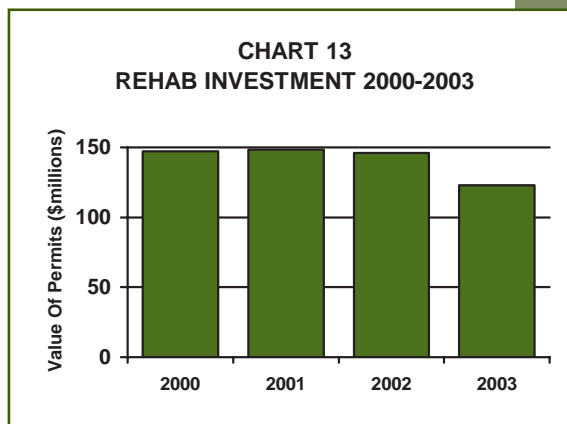
At first look, it would appear that homeowners benefited most from the run up in the market of the last few years. Depending on how long they have owned their homes, their home equity has skyrocketed and if they have rental units, their incomes have risen rapidly as well. Homeowners have benefited in many ways, but not all are immune to the effects of the current economic downturn.

### Deferral of Non-Critical Maintenance

Homeowners who bought their home at very high prices in the last few years do not yet have the equity growth to help finance needed repairs and improvements, and their debt capacity is "maxed out" from their recent purchase. When faced with a critical home repair, these owners may be forced to look toward much higher cost forms of credit (such as credit cards or even predatory loans) to maintain their property. When considering making non-critical home improvements such as painting, these homeowners usually decide to defer it until they're in a stronger

financial position. Even homeowners with substantial equity in their property may feel uncomfortable taking on more home equity debt in this economy and may defer non-critical maintenance. Households where someone has lost a job, or even just their overtime, will defer almost all costly maintenance work until they're back on a more solid financial footing.

There is evidence of an increase in deferred maintenance. After reaching a high of nearly \$150 million per year in rehabilitation permits in 2001<sup>12</sup>, renovation investment has dropped by 18% to \$123 million in 2003. Unchecked, this could be the beginning of a process that could have more serious consequences for Boston's neighborhoods than just a few shabby-looking properties. As described earlier, a significant element driving Boston's housing market, particularly in lower-priced neighborhoods, has been the improving quality of life that has made these neighborhoods an increasingly attractive alternative to suburbia. If the trend toward deferred maintenance grows, resulting in visibly declining physical conditions in the neighborhoods, that competitive edge could easily disappear. Home values will soften as prospective homebuyers seek out other areas where they believe home values and the quality of life is still on the rise. If the equalization of city and suburban prices does reverse itself, the foundation of Boston's housing strategy could be undermined as developers, just like homebuyers, redirect their investments to areas where markets are still strong.



### Foreclosures

In 2003, despite the economic downturn, residential foreclosures have been almost non-existent, numbering only 22 foreclosures in 2003. By comparison, at the end of the last recession in 1992, there were 1,680 foreclosures in Boston. Even homeowners who have lost their jobs have been able to stave off foreclosure by using some of their home equity. Strong values have made it economically sound for homeowners facing foreclosure to sell their properties on the open market rather than let them go to the bank. These are "hidden foreclosures": homeowners are losing their homes, but the houses are not going to the bank. The market appears stronger than it really is and prices are not depressed through foreclosure sales.

If deferred maintenance does begin to depress values in some areas, then the foreclosure situation could change very quickly. Recent homebuyers with as little as 5% or 10% equity in their homes could see all of their equity disappear and then some - it becomes cheaper to let the property go to the bank than to pay a broker to sell it at a loss. A spike in foreclosures can easily trigger a self-reinforcing cycle of foreclosures and devaluation. Foreclosure sales depress the market and a depressed market triggers more foreclosures.

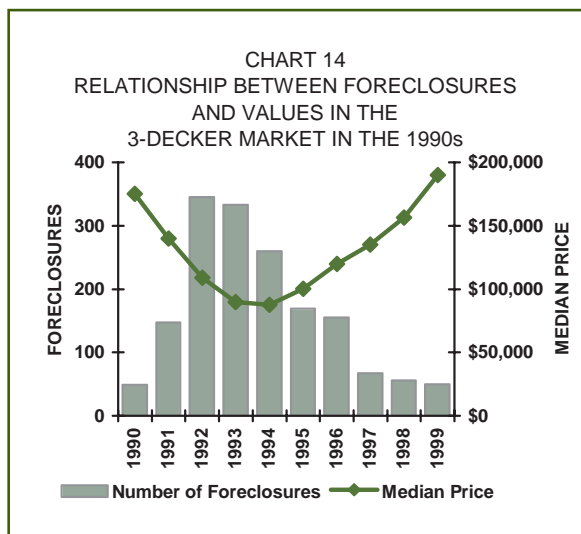


The three-decker market of the 1990s illustrates an extreme example of how this process takes hold. As shown in Chart 14, in 1990, less than 10% of three-decker sales were foreclosure sales. Two years later, foreclosures had grown six-fold and represented half of all three-deckers sold that year. Three-deckers dropped in value by 50% between 1990 and 1994. It took the rest of the 1990s to regain the value lost in those four years.

While it is very unlikely that a catastrophic cycle of foreclosure-devaluation will occur after the current recession, it is vitally important that the City remain vigilant in preventing this process from even taking hold in the first place.

#### Policy Directions

There are early signs that disinvestment is beginning to reappear. It is critically important to prevent this trend from growing and causing value drops that could trigger the self-reinforcing foreclosure-devaluation process that destabilizes the neighborhoods.



To address this challenge, the City will use the following strategies: 1) provide incentives to homeowners to make visible exterior property improvements, particularly in areas where values are softening; 2) aggressively attack abandoned and distressed properties that can be a catalyst for disinvestment; and, 3) closely monitor foreclosures, looking for potential 'hotspots' and preventing foreclosures by keeping homeowners from taking on unfair 'predatory loans' as well as assisting homeowners that are in foreclosure trouble with financial restructuring.



## IV. BOSTON'S PLAN OF ACTION

Boston's plan of action represents the City's continued commitment to meet its housing challenges with specific and strategic actions that have ambitious and measurable goals. Since Mayor Thomas M. Menino's 1999 pledge to double housing production, Boston's housing strategy has always been one of direct action and accountability. In 2000, the City broadened its approach to housing with its three-year *Leading The Way* initiative. In those three years, more than 7,900 new units were added to Boston's housing stock, more than 5,000 units of rental housing were preserved, and virtually all of the City's 1,100 vacant public housing units were reclaimed. Today, the City builds on that tradition with a new plan of action that builds on the best of what has been accomplished in the past and reflects the changing economic realities that Boston now faces. This four-year plan of action is a blend of continuing initiatives such as housing production and rental preservation, with new ideas to address the emerging needs of homeless families, middle-income homebuyers and preserving neighborhood stability. There are four principal elements to this plan of action: 1) Preserve Neighborhood Stability; 2) Produce More Housing; 3) Retain Affordable Housing For Boston's Workforce; and 4) Expand the City's Commitment to House the Homeless.

### 1. PRESERVE NEIGHBORHOOD STABILITY

#### Goals:

To renovate/improve 2,000 properties with City assistance;

To reclaim 130 vacant houses or distressed properties with a goal of reducing abandonment by 50%;

To support neighborhood stability by increasing opportunities for first-time homebuyers and by protecting existing homeowners from losing their homes to foreclosure.

Preserving the quality of life in Boston's neighborhoods is the lynchpin of Boston's housing strategy. Without stable neighborhood housing markets, many of the City's other goals for housing production and preservation will become very difficult to achieve. The current trend toward reduced property investment must be reversed as soon as possible to prevent the self-reinforcing cycle of disinvestment from taking hold as it did in the early 1990s. This means prioritizing neighborhood reinvestment actions to achieve the maximum impact in the early years of this plan. To achieve this goal, the City will undertake the following actions.



Howland Street, Roxbury: This HomeWorks funded renovation is nearing completion.

### Actions:

#### Home Improvement Incentives

The City will offer a new exterior home improvement rebate incentive to encourage homeowners to visibly improve their properties and their neighborhoods. Private sponsors will be sought to help support this initiative.

#### Ongoing Homeowner Assistance Programs

The City will continue to offer emergency and basic health and safety home rehabilitation services to low-income homeowners, particularly the elderly, who do not have the financial means to maintain their property. Additionally, the City will make funding available for homeowners to eliminate lead paint hazards in their property. New rehabilitation activities related to the reduction of asthma hazards will be incorporated into the homeowner rehabilitation services programs.

#### Permitting

The City will streamline the permitting process with on-line permitting and the use of other technology efficiencies highlighted in the 2003 Sommers Report on operational improvements at ISD.



#### Distressed Properties

The City will develop and implement a coordinated strategy to attack the problem of abandoned and dilapidated properties that can be a powerful catalyst for disinvestment. This strategy will involve assembling all of the tools available to the City ranging from tax foreclosure to ISD's new Residential Assistance and Repair Program that includes condemnation, owner referrals to City assistance, and in some cases, receivership actions. Additionally, the City will undertake public awareness campaigns (similar to the *House Of Shame* campaign of 1998), and where necessary and appropriate, eminent domain actions. This effort will be coordinated with community leaders in the neighborhoods to target and follow through on the most problematic properties.



Chipman Street, Dorchester:  
This once abandoned home  
was rehabilitated through the  
Residential Development  
Program.

#### Tax Foreclosed Abandoned Houses

The current inventory of City-owned vacant houses is now at a record-low level (five houses, compared to 35 four years ago). The City commits to continue its efforts to get all vacant houses it receives through foreclosure back into productive use as quickly as possible. Specifically, the City will endeavor to ensure that all remaining properties in the current inventory will be sold and in construction or complete within a year and that all future foreclosures with clear title<sup>13</sup> be in a redevelopment program on or before the day the previous owners' right to redeem the property expires<sup>14</sup>.

### Foreclosure Prevention

The City will work to prevent foreclosures from becoming a significant problem that undermines neighborhood confidence by providing technical assistance to homeowners on foreclosure prevention. Special emphasis will be placed on assisting homeowners that have taken sub-prime or predatory loans by working with lenders to restructure their financing on fairer terms. Freddie Mac has committed to be a leader in offering innovative financing products to support this effort<sup>15</sup>. The City will also work to better coordinate existing service providers as well as expand the number of lending partners that support this effort.

### Credit Management Training

The City will work with its lending partners to expand the credit management training services to help more people become qualified to buy a home. Additionally, this credit management training will help prevent existing homeowners from getting into financial troubles that could ultimately lead to foreclosure.



Students and teacher in Homebuying 101 Class

### Homebuyers

Create the *Boston Homebuyer Investment Fund* on a demonstration basis, to help homebuyers currently priced out of the market. In this fund, investors will provide capital to the homebuyer in exchange for a proportionate share of future property appreciation to be paid at the time of sale or refinancing of the property. The City is also working with lenders and financial intermediaries to increase minority lending rates. Fannie Mae has committed to doubling the number of minority first time homebuyers it finances over the next ten years. In addition, in a real estate market dominated by mortgage companies not governed by the Community Reinvestment Act, the fact that Fannie Mae has committed to buy loans back from these companies will have a long term significant impact on minority homeownership levels.



Bus shelter ad for  
Don't Borrow Trouble.

### Predatory Lending

The City will work with financial institutions to curb the growth of predatory lending with its usurious terms and fees. This includes both mortgage and refinancing loans. A new MassHousing program will offer homeowners refinancing options that may enable them to avoid subprime lenders. The redraft of House Bill 2732, which is strongly supported by the City of Boston, will go a long way in curbing predatory lending and providing much-needed consumer protections for borrowers.

Boston's nationally recognized *Don't Borrow Trouble* initiative will expand its role in educating people about these and other financing tools and protections.

### Homeownership Fairs

To better inform the public about ongoing programs as well as new services resulting from this strategy, the City will offer Homeownership Fairs in neighborhood locations. These fairs will serve homeowners and would-be homeowners with information on topics ranging from home improvement assistance to foreclosure prevention programs to first-time homebuyer services.



Bowdoin Geneva II, Roxbury:  
New affordable homeownership.

## 2. PRODUCE MORE HOUSING

### Goals:

Produce 10,000 new units of housing;

Ensure that at least 2,100 of those new units are affordable units, 75% of which will be affordable to low-to-moderate income households.

The Menino administration recognizes that an ongoing commitment to the production of market-rate and below-market housing must continue to be a central theme of the City's housing strategy. It is important to be ahead of the curve for the economic rebound that is

expected in the next four years. By stimulating production now, new units will be on the market in time for the growth in demand. By anticipating the market rather than responding to it, the City hopes to mitigate the upward pressure on the market that occurs when the economy is expanding faster than the housing supply. The City government also acknowledges that the economic and resource environment is much more challenging than it was a few years ago. Three years ago, Boston had just experienced eight consecutive years of economic growth. Today, we have a much softer economy. Nonetheless, the City seeks to keep its housing production efforts as close to the levels of previous years as resources will permit.

### Actions:

#### Affordable Housing Development

The City will continue to make the development of new affordable housing<sup>4</sup> a top priority within the constraints of available resources. Based on existing resources, in combination with \$25 million in new City-raised resources, the City has set a target of 2,100 new affordable units. Additionally, the City is setting a target of making 75% of new affordable units available to low- and moderate-income households. In 2004, the City will modify its design standards for the housing it builds to incorporate construction standards that help reduce the incidence of asthma.



TABLE 3 SOURCES OF PROJECTED AFFORDABLE UNITS	
Inclusionary Units (On-site, Off-site & from Cash-out Proceeds)	630
Publicly Sponsored Development	1400
Long-term Vacant BHA Units	70
TOTAL	2100

### **Inclusionary Development Formula**

At the request of Mayor Thomas M. Menino in 2003, the BRA implemented on a trial basis, a change in the Inclusionary Housing requirement. The demonstration program will amend the formula from the current 10% of total units to 15% of market rate units<sup>6</sup>. This change recognizes that it is the market-rate units that subsidize the development of the affordable units. Given the relative uncertainty of the anticipated economic rebound, the City has chosen to implement this policy on a temporary basis until its impact on the feasibility of private development is fully understood and there is stronger indication that economic growth will sustain the market into the future.

### **Permitting Process**

The City will work to implement the recommendations of the Sommers Report to continue improving the permitting process.

### **Downtown Housing**

In 2003, the BRA approved a new overlay-zoning district that increases height limits on residential towers to make housing a more economically competitive use in downtown Boston. The City will encourage developers to produce downtown residential towers to take advantage of current downtown market conditions and maintain a balance between commercial and residential uses.

### **Main Street & Smart Growth Housing**

The City will expand its efforts to encourage the development of housing at higher densities in and around commercial districts as well as around transit nodes such as Jackson Square in Roxbury and the proposed Fairmount Line stations in Dorchester. In a city with such a limited land supply, redeveloping existing properties into new mixed-use developments and creating new housing over existing commercial structures represents an opportunity to expand the housing supply without using up more of the scarce developable land supply. This strategy will also help support the economic vitality of Boston's neighborhood business districts. The Commonwealth of Massachusetts has recently developed policies to encourage smart-growth housing that should only enhance the City's efforts to produce housing in these areas.



Liberty Place features commercial space as well as affordable and market rate housing.

### Green Building Construction Techniques

Later in 2004, the Mayor's Green Building Task Force will be releasing its report that will recommend more utilization of green building/high energy performance techniques in real estate development. This technology offers both improved operating efficiency over the long term and improved environmental conditions for the occupants of the new development. To facilitate this, the BRA is funding Green Building Feasibility Studies to promote the inclusion of Green Building technology in new construction or major renovation projects. The lessons learned from these studies will help future projects incorporate Green Building technology into the development plans.



Joslin Diabetes Center: This proposed development includes 150 housing units as well as medical research space.

### Institutions & Housing

Building from the success of the City's efforts to encourage colleges and universities to build dorm rooms for their students, the City will be looking to Boston's institutions to expand their efforts to create more housing for their staff and faculty. In addition to the educational institutions, the City will be looking to the Longwood Medical and Academic Area institutions to participate in this expanded housing role. In March of 2004, the City sponsored a workshop, New Tools for Housing, for many of Boston's key colleges and medical institutions.

### Owner Built Housing

Beginning in 2004, the City will, through the *Boston Build Home Program*, make house lots available to moderate-to-middle income families who want to build their own homes. The City will require rigorous design standards to ensure that this new housing enhances the quality of life for all that live in the area. No subsidy funds will be used in this program, but the City will discount and/or defer the land purchase price to ensure financial feasibility. Additionally, technical assistance workshops will be provided to help the owner-builders through the process.

### Small Contractors Initiative

The City will make small packages of land available to experienced contractors to build new homes that will be sold to moderate-to-middle income homebuyers. As with the *Boston Build Home Program*, the initiative will have strong design requirements but will provide no subsidy funds and will have flexibility in land pricing. As part of this initiative, the City will reach out to the panelized housing construction industry to encourage them to bring new high-quality cost-efficient designs to Boston.



Boston Build Home Program: Prototype design for new owner-built project.



### Land Assembly

When needed, the BRA will consider purchasing land at market rates to assemble parcels suitable for housing development. The BRA will identify areas that are appropriate for housing, but have ownership or other issues that prevent their development. After purchasing the land, a RFP will be developed with community input to guide development of the parcel. Proceeds in excess of the acquisition price will support housing programs in the city.

### City-Owned Land Sales

The City will increase the amount of foreclosed property it makes available for market-rate housing development provided that the local community is supportive of the development plan. The City will seek to make available the net revenues from those sales to support affordable housing development.

### Panelized Housing

The City will explore the possibility of expanding the use of panelized housing technology to create higher quality, lower cost housing. The feasibility of a unionized manufacturing plant in Boston will also be investigated.

## 3. RETAIN AFFORDABLE HOUSING FOR BOSTON'S WORKFORCE

### Goals:

Preserve at least 3,000 units of housing affordable to Boston's workforce;

Convert 300 units of unregulated rental housing into long-term affordable housing.

Current market conditions continue to put pressure on the existing affordable housing stock. Expiring affordability restrictions on governmentally assisted housing are still putting many lower-income tenants at risk. Strong market conditions in traditionally affordable neighborhoods are threatening the tenancy of many tenants in unassisted rental housing as well. This strategy offers the following actions to address these two issues:

### Actions:

#### Preservation of At Risk Multifamily Housing

There are 2,746 units of Federal- and State-assisted multifamily rental housing that are at risk of losing affordability restrictions by the end of 2007. The City continues to be committed to preserving the affordability of as many of those units as possible



Wardman Apartments, Jamaica Plain:  
These 85 rental units are currently being preserved  
and renovated.

and has established a 75% retention target. The City also recognizes that while non-profit owned rental housing is generally not at risk of going to market rate, some developments are under financial stress and may require restructuring to remain economically solvent and physically sound. The City will work with these non-profit owners to ensure that their properties continue to provide quality affordable housing for years to come.

#### **Rental Housing Acquisition Pilot**

A new pilot initiative will begin in 2004 that will assist non-profit and private owners to buy existing unregulated housing for the purposes of operating it over the long term as affordable housing. The City will work with lenders to develop new financing tools to: 1) enable buyers to quickly acquire properties as they come on the market, and 2) enable buyers to successfully manage the transition phase from market-rate to affordable housing, including rehabilitation if needed.

Complementing this initiative, the City will support tenant-organizing efforts in unregulated housing as a means of encouraging more property owners to participate in this program.



Rendering of redevelopment of Maverick Public Housing.

#### **Public Housing Preservation**

Public housing represents the single largest source of affordable housing in Boston. The gains achieved over the past three years must be maintained even though federal capital resources have declined substantially and are expected to continue to do so in the near future. The BHA will aggressively seek HOPE-6 resources (the Maverick redevelopment is now underway, and an application for the Franklin Hill Development is pending at HUD) as a means of preserving its stock. Additionally, the BHA will upgrade heating and water systems at 15 sites through a creative private financing mechanism

called Energy Performance Contracting. To better accommodate its senior residents and enable them to “age in place”, the BHA will complete a planning study of converting one of its elderly public housing developments to an Assisted Living Facility. Finally, the Authority will continue to leverage private sector financing, as it has done in its West Broadway HOPE VI redevelopment, and Energy Performance Contract projects, to create new and renovated public housing.

#### 4. EXPAND THE CITY'S COMMITMENT TO HOUSE THE HOMELESS

##### **Goal:**

**Launch a new \$10 million campaign to prevent homelessness and expand housing opportunities for Boston's existing homeless**

Reclaiming vacant public housing units will continue to be the core strategy for meeting the needs of the homeless until most of those units are complete early in 2005. After that, new approaches to housing the homeless will be needed. This will be a challenging task in an era of diminishing Federal housing assistance. Equally challenging will be the task of siting homeless facilities in a manner that has local community support. The City also acknowledges that special efforts will be needed to address the needs of those homeless in the most difficult situations such as hotel/motel families and the street homeless.

##### **Actions:**

###### **Homeless Prevention:**

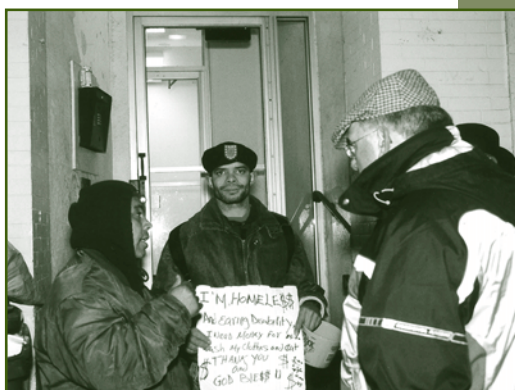
In a tight resource environment, it is critically important that we do everything possible to prevent people from becoming homeless in the first place. Along with its expanded rental preservation initiatives, the City will work with homeless service providers and foundations to develop and implement a new homeless prevention initiative aimed at keeping people in their existing housing wherever possible. One key strategy to prevent homelessness is ensuring that the State policy of not discharging from State institutions such as prisons and mental health facilities to homelessness is fully implemented. The City intends to work closely with the State on this issue.

###### **Transitional & Permanent Housing**

The City will expand housing opportunities for the full spectrum of the homeless population ranging from transitional housing to Single Room Occupancy units for homeless individuals to larger units for families. Developers of rental housing will be provided with financial incentives to provide more homeless units than are currently required in the City's homeless set-aside policy.

###### **Special Efforts For Hotel/Motel Families and Street Homeless**

It is the City's position that hotels and motels should only be used as a last resort for housing homeless families. No child should ever have to find his or her way to school from some far-off motel. Special outreach efforts will be made to these



Mayor Menino at the Homeless Census

families as new homeless housing units become available. Additionally, the City will work to facilitate better coordination of support services to the children that remain in hotels. For the homeless individuals living on the street, the City will also make special outreach efforts to ensure that these people have better access to the housing that this initiative will produce.



Horizons House II, Dorchester:  
Provides transitional housing for  
homeless families.

#### **Partners For Boston's Homeless**

Boston recognizes its role as Massachusetts' largest provider of assistance to the homeless, serving people coming to Boston from throughout the state. Boston will therefore look beyond its own borders to raise resources for the homeless. To fund these initiatives, the City is setting aside \$5 million of its own funds and it will aggressively pursue public, private and philanthropic partners to raise an additional \$5 million.

#### **City-State Collaboration**

In recognition of the City's role as a provider of homeless services for people from all over the state, the City will work to build a strengthened collaboration with the State to better coordinate and more effectively deliver services to the homeless.

## V. RESOURCES AND PARTNERS

### RESOURCES

For *LTW I*, the City was able to raise \$33 million from the sale of surplus real estate assets to fund its housing agenda. Today there are few significant real estate assets left to sell. Yet the City remains committed to maintaining a housing campaign that is comparable in scope to that which we have seen in recent years. Accomplishing this will require new ways to raise funds to support this plan. In addition to the \$56 million in ongoing funding from sources such as linkage, CDBG and the HOME program, this strategy will require the City to raise:

#### \$25 million in new funding over four years

To implement this plan, the City will be drawing funds from a broad range of sources:

- **Hayward Place:** \$10 million from the sale of Hayward Place will be set aside to fund *LTW II* initiatives. At least some of these future proceeds should be available during the period covered by this plan.
- **One Lincoln Street:** \$7.5 million has been received by the City from the sale of this property. All of these funds have been dedicated to support *LTW II*.
- **Inclusionary Development Fees:** originally implemented in February of 2000, the City's Inclusionary Development Policy has a provision to allow cash payments in lieu of on-site housing that is just now beginning to result in meaningful new funding as projects are completed and payments are made. Although it is City policy to require on-site housing wherever possible, the infrequent exceptions are expected to result in between \$1 million and \$3 million per year over these four years. To transform those funds into affordable units as quickly as possible, they will be used in part to increase affordability levels in other inclusionary developments beyond the level now required by the policy. Funds will also be used to finance stand-alone affordable housing production and preservation projects in the City's pipeline of planned developments. The demonstration initiative to increase the on-site requirement from 10% of total units to 15% of market-rate units will also be reflected in the cash-out option.
- **Tax Foreclosed Property Sales:** As the City now begins to offer some of its foreclosed properties for market rate development, the City will seek to make available the net proceeds from those sales to the initiatives described in this plan through the end of Fiscal Year 2007.



- **Boston Hotel Loan Pool Income:** The City's loan pool to support three new hotels in Boston will generate some income and fees back to the City. Those revenues, currently estimated in the \$1.5 million range will become a dedicated revenue stream for affordable housing.
- **Linkage Formula:** The next date when the linkage formula can be inflation-adjusted will occur in 2005. At that time, the City will reconvene the Linkage Committee to evaluate the feasibility of making the adjustment. Given the time lag between when the formula is adjusted and when projects covered by the new formula start making payments, it is not anticipated that this adjustment will significantly effect the availability of linkage funds for the period of this strategy
- **Additional Sources:** the City will continue to investigate all available options to raise the funds necessary to make its fundraising target throughout the life of this plan.

These new funds will be made available to affordable housing developers in a regularly scheduled open and competitive process. The primary exception will be inclusionary development funds, which will be used to support projects that exceed the minimum requirements of the inclusionary development policy or otherwise used to further the *Leading the Way* plan and the Mayor's affordable housing agenda. Additionally, some resources will be used for non-development services such as homelessness prevention and will be allocated on an annual basis.

The City is setting a target of 90% of the combined \$81 million in resources dedicated to this plan will be used to benefit low-to-moderate income households earning under 80% of the area median income.

- **Advocacy:** For many years, Mayor Menino has championed the issue of affordable housing at the local and national level. Keeping the issue in the public eye is critical to influencing policy-makers to make resources available for this issue. There is now renewed interest at the state level in affordable housing and new state initiatives are being developed. At the federal level, there are much more mixed results. While Congress has recently funded the first major new federal housing program in many years, the *American Dream Downpayment Initiative*, there has also been a significant retrenchment in the Section 8 rental assistance program. The challenge in the coming years will be to maintain the forward movement where it is happening, and reverse the backward movement that we now see in Washington with regard to rental housing. The City of Boston is committed to continuing its role as a local and national voice for the cause of affordable housing.



The City does not intend to go it alone in its efforts to develop new resources to support affordable housing production and preservation. Our Federal and State partners can and should do more. There are several areas where the City will be looking for action:

- **Federal Homeownership Tax Credit:** this is a new tax credit incentive similar to the one now in existence for rental housing. It has bipartisan support in Congress, but has not yet been voted. This tax credit could bring down the cost of developing affordable homeownership housing by as much as \$40,000 per unit if enacted.
- **Section 8 Program:** this program is vital to the City's housing agenda. Section 8 vouchers are a key resource for shelter providers to get the homeless into permanent housing. Affordable rental housing developments depend heavily on project-based Section 8s, especially for the homeless set-aside units. Due to Federal cutbacks, the Section 8 program has been all but shut down recently with little prospect of resuming in the foreseeable future. It is also possible that it will become necessary to revoke some existing tenant vouchers in order to make the program financially solvent. If that happens, shelter populations will likely rise as fewer households have access to rent assistance. Additionally, otherwise feasible low-income rental housing projects may have to be shelved if there are no Project-based Section 8s available.
- **Commonwealth Housing Task Force Recommendations:** One key element of the recommendations of the Commonwealth Housing Task Force was to gradually increase the resources available for housing in the coming years. Specifically, they recommended increasing the amount of State bond cap authority for housing from 9.1% of the cap to 15%. That action alone could add as much \$60 million per year to the State's housing budget. Additionally, the Task Force recommended selling off \$400 million in surplus assets to support increased housing funding. Finally, the report recommends gradually increasing the annual State outlays for housing from the current \$66 million to \$120 million per year. Unfortunately, all of these proposals would be implemented over a ten-year period. The City strongly recommends that those items without major budgetary impacts (i.e., reprioritizing within the existing bond cap, and selling off real estate) be fast-tracked to a much shorter timeframe.
- **Massachusetts Housing Partnership (MHP):** MHP has been an invaluable partner in both homeownership (Soft Second Program) and in affordable housing development (MHP Fund). Bank of America will soon be recapitalizing the MHP fund by over \$400 million. Bank of America will also provide \$18 million in grant funds to enhance the MHP's lending

products. This will greatly enhance the ability of MHP to expand its role a critical lending partner for affordable housing in the coming years.

- **MassHousing's Priority Development Fund:** Earlier this year, MassHousing announced that it would use \$100 million of its surplus reserve funds to support 5,000 units of new housing production, at least 20% of which must be affordable. The City lauds MassHousing for its creative efforts to bring new resources to housing, and encourages the State to quickly make these resources available.

## PARTNERS

Much of the success of the last three years can be attributed to the role that many public and private partners played to support the Menino Administration's housing agenda. Colleges and universities created the equivalent of almost 1,000 new apartments through new dorm construction returning hundreds of rental units to the general real estate market. Private and public lenders provided more than a half billion dollars in financing for affordable housing. Public funders such as DHCD and HUD provided funds to the City's affordable housing projects at a rate of \$2 for every City dollar invested.

Although these are impressive commitments from our partners, the City believes that it is time to take these relationships to a new level. Resource commitments have historically been negotiated on a project-by-project basis. The City now wants to begin the process of working out multi-year plans with our partners. These multi-year commitments would reflect a shared vision of what our partners and the City want to achieve together. For example do some partners want to adopt the cause of housing our homeless families? Do others want to partner with the City to increase housing opportunities for their employees? These multi-year campaigns, similar to the Home Funders initiative by the foundation community last year, or the *Three Decker Plus* commitment by Fleet Bank/Bank of America, or Citizens Bank's support of homeowner services programs create a greater sense of purpose, direction and visibility for our partners. By being a full partner in an initiative, our partners have greater ownership in the success of that initiative and will work even harder to achieve success.

Among the partners that the City wants to establish multi-year partnerships with are:

### Lenders

The Menino Administration believes that there are enormous opportunities for lenders to elevate their role beyond the project-by-project financing role.

- **Bank of America:** In January 2004, Mayor Menino requested that Bank of America become a lead partner in many of the new initiatives that this plan proposes. In response, the Bank has made a commitment to expand

its support for affordable housing to a level exceeding the very substantial role that its predecessor, Fleet Bank, has made over the years. Bank of America has offered to make available up to **\$200 million in new financing** over four years to support community development in Boston, a significant portion of which will be used to finance housing production and preservation. This financing will be at advantageous terms and includes the introduction of the Bank of America Community Impact Loan product to Boston. Additionally, the Bank will provide **\$3 million in grants** over four years to support the City's neighborhood development efforts, including affordable housing. Bank of America was recently awarded \$150 million in New Markets Tax Credits from the federal government and will also work with the City to make this resource available to support affordable housing in Boston.

- **The Federal Home Loan Bank of Boston** has also committed to continue to make its vitally important Affordable Housing Program and new Equity Builder Program available to support Boston's housing agenda.
- **Citizens Bank** will be providing **\$84 million in loans** over four years to support *LTW II*. This includes earmarking \$50 million from its new *Citizens Housing Bank* discounted loan program to support the new *Rental Acquisition Pilot Program* as well as new affordable housing production. This program offers developers financing at 3% interest for the first three years and a prime + 0% rate for the remaining 22 years of the loan. Citizens Bank will also offer \$2 million in loans of up to \$5,000 at 1% interest to help homeowners make exterior home improvements to support the City's new exterior home improvement rebate program. The City will also work to develop a loan loss reserve to enable Citizens to offer these loans to homeowners that might not normally qualify for a home improvement loan. Citizens Bank will also provide \$20 million in special financing to the owner-builders in the *Boston Build Home Program* as well as \$8 million in discounted financing to low-income homeowners that bring their vacant units back on line. \$4 million in refinancing loans with very flexible underwriting will be made available to victims of predatory lenders. Additionally, Citizens Bank will provide **\$300,000 in grants** to support these initiatives. This includes \$200,000 for homeless housing programs, \$60,000 for home improvement workshops, \$20,000 for outreach & technical assistance for homeowners renovating distressed or partially vacant properties and \$20,000 for training workshops for owner-builders. Finally, Citizens bank is offering to provide its executive leadership to help lead the City's efforts to raise \$5 million in new funds for the homeless.

Representatives from **Boston Private Bank** and **Eastern Bank** were also on the Mayor's Advisory Panel on Housing, and both have shown a strong interest in making capital available for the initiatives included in this plan. Building from this, the City will continue to work with all of Boston's lenders to develop a better-coordinated flow of financing to affordable housing.

**Fannie Mae** as part of its expanded *American Dream Commitment*<sup>®</sup>, has made a nationwide commitment to significantly increase the minority homeownership rate. For Boston, this includes a commitment to double the number of minority first-time homebuyers it finances on an annual basis over the next ten years. *The Boston Home Center* will work closely with Fannie Mae to support achieving this goal on an accelerated basis.

**Freddie Mac** will expand its role as a central partner in Boston's efforts to attack the problem of predatory lending and prevent homeowners from losing their homes to foreclosure. They will expand their support for *Don't Borrow Trouble* with seed funding for implementation of the Spanish language version of the awareness campaign and additional financial education efforts. Future enhancements are also planned to make additional resources available for flexible refinancing products that enable homeowners to avoid predatory lenders and prevent foreclosure by predatory lenders.

**Keyspan Energy** has set a target of providing **\$1.7 million in grants** over four years to support energy conservation in housing occupied by low-income people. They will provide \$125,000 per year over four years<sup>16</sup> in grants to match City funds used to replace outdated/broken heating systems and make related energy conservation improvements for elderly and other low-income homeowners that are eligible for fuel assistance. Additionally, they will earmark \$300,000 per year for four years in energy conservation funds to support the Boston Housing Authority's efforts to modernize its heating systems and undertake related energy conservation efforts provided that the Authority can show energy savings of at least 400,000 therms per year.

#### **Faith-based Organizations**

The Boston Archdiocese is on the cusp of a significant property sales effort. The City will pursue a partnership with the Archdiocese and other faith-based organizations to ensure that the sale of their properties is conducted in a way that is respectful of the needs of community residents. Affordable housing and other such community benefits must be part of a comprehensive approach to such property sales.

#### **Colleges, Universities and Medical Institutions**

In recent years, colleges and universities have significantly stepped up their efforts to provide on-campus housing for their undergraduate students. Yet there still remains much to be accomplished. The City will be looking for a recommitment

from all colleges and universities to continue to house more and more of their students on campus. Graduate student housing in particular is sorely lacking on most campuses and must be a new priority for these institutions. The City will also work to facilitate joint partnerships between smaller and larger institutions so that more colleges have the capacity to provide on-campus housing. Finally, the City also wants to build on the experience that has been developed in these institutions over the past several years and begin an expansion of their housing efforts into creating more housing for their faculty and staff. The Longwood Medical and Academic Area is a priority area to encourage these expanded housing efforts by academic and medical institutions.

### Non-Profit Housing Developers

Boston's community development corporations and non-profit developers have been a critical element in the drive to produce more affordable housing for many years. More than 66% of the new affordable units built over the last three years were created by these organizations. *LTW II* will ask these organizations to further broaden their role in Boston's housing agenda. This will include acquiring market rate rental housing and stabilizing rents for the long term; creating new housing for Boston's homeless; building new homeownership opportunities for moderate-to-middle income buyers with no assistance other than City-owned land. Non-profit developers will also be linked with city enforcement efforts to rehabilitate distressed properties where the true owner demonstrates an unwillingness to remedy the condition of the property and the Housing Court appoints a receiver.

### Foundations

Foundations have, in many ways, been at the forefront of committing to multi-year campaigns to address key social issues. The *Home Funders Initiative* to help finance housing for the very poor and homeless is only the most recent example of this thoughtful and strategic way of approaching their mission. The City wishes to build from that tradition and develop new joint housing initiatives, especially with regard to the homeless.

### Unions

The building trades have been critical to the successful delivery of Boston's housing agenda. The City is also looking for new ways that the building trades may be able to participate in Boston's housing efforts such as through union-built panelized housing.

## ENDNOTES:

1. Management Study and Analysis With Recommendations: Inspectional Services Department. William Sommers. October 2003.
2. From time to time defects in the foreclosure or other title problems may hinder the City's ability to take action on the property until those title problems have been remedied.
3. Generally, former owners have one year from the date of foreclosure to redeem their property by paying off the back taxes and penalties.
4. Affordable is defined as any below-market unit available at a price affordable to a household earning no more than 120% of the area median income. See Appendix 1 for complete definitions.
5. Low-and moderate income defined as households earning under 80% of area median income (\$66,150 for a family of four in 2004). See Appendix 1 for complete definitions.
6. The new requirement is 15% of the market rate units, the equivalent of 13.04% of total units.
7. The Housing Deficit calculations assume that job growth that reduces the unemployment rate does not require new housing since these workers already live in the area, but that any additional job growth requires new housing for new workers.
8. Underwriting standards governing condominium fees mean that a borrower qualifies for a smaller mortgage if they buy a condominium rather than a single-family.
9. Changing Patterns X: Mortgage Lending to Traditionally Underserved Borrowers & Neighborhoods in Greater Boston, 1990-2002. By Jim Campen.
10. Separate and Unequal: Predatory Lending in America. ACORN, February 2004.
11. Source: National Alliance To End Homelessness.
12. Defined as Minor Repairs ('06' permits) and Major Repairs ('02' permits) between \$10,000 and \$100,000.



13. From time to time defects in the foreclosure or other title problems may hinder the City's ability to take action on the property until those title problems have been remedied.
14. Generally, former owners have one year from the date of foreclosure to redeem their property by paying off the back taxes and penalties.
15. Freddie Mac's HELP (Home Equity Loss Prevention Program) is currently a very important financing tool used to help homeowners restructure their housing debt.
16. The fourth year is subject to reauthorization of the energy conservation fund in 2007.

## APPENDIX 1

### Income Standards for the Boston Metro Area 2004

Boston Primary Metropolitan Statistical Area 2004 Area Median Income Chart								
Income Limit	1 Person	2 Persons	3 Persons	4 Persons	5 Persons	6 Persons	7 Persons	8 Persons
HHS Poverty Limits (2004)	\$9,310	\$12,490	\$15,670	\$18,850	\$22,030	\$25,210	\$28,390	\$31,570
30% of median	\$17,350	\$19,850	\$22,350	\$24,800	\$26,800	\$28,800	\$30,750	\$32,750
50% of median	\$28,950	\$33,100	\$37,200	\$41,350	\$44,650	\$47,950	\$51,250	\$54,600
60% of median	\$34,740	\$39,720	\$44,640	\$49,620	\$53,580	\$57,540	\$61,500	\$65,520
City of Boston Median 65%	\$37,600	\$42,950	\$48,300	\$53,700	\$58,000	\$62,300	\$66,600	\$70,850
70% of median	\$40,450	\$46,250	\$52,050	\$57,800	\$62,450	\$67,050	\$71,700	\$76,300
75% of median	\$43,350	\$49,550	\$55,750	\$61,950	\$66,900	\$71,850	\$76,800	\$81,750
CDBG Low-mod	\$46,300	\$52,950	\$59,550	\$66,150	\$71,450	\$76,750	\$82,050	\$87,350
80% of median	\$46,250	\$52,850	\$59,450	\$66,100	\$71,350	\$76,650	\$81,950	\$87,250
95% of median	\$54,950	\$62,800	\$70,600	\$78,450	\$84,750	\$91,050	\$97,300	\$103,600
100% of median	\$57,800	\$66,100	\$74,350	\$82,600	\$89,200	\$95,800	\$102,400	\$109,050
110% of median	\$63,600	\$72,700	\$81,750	\$90,850	\$98,150	\$105,400	\$112,650	\$119,950
120% of median	\$69,400	\$79,300	\$89,200	\$99,100	\$107,050	\$115,000	\$122,900	\$130,850

## APPENDIX 2

### House Prices by Neighborhood and Property Type 1998-2003

*Source: Banker and Tradesman, sales greater than \$25,000*

Median Sales Prices of Condominiums, 1-, 2-, and 3-Family Homes In Boston's Neighborhoods, 1998 to 2003						
Neighborhood	1998	1999	2000	2001	2002	2003
Allston/Brighton	\$125,000	\$132,000	\$158,767	\$198,500	\$235,000	\$259,950
Back Bay/Beacon Hill	\$310,000	\$291,750	\$435,000	\$420,000	\$410,000	\$455,000
Central	\$216,500	\$250,000	\$345,000	\$443,000	\$410,000	\$442,000
Charlestown	\$225,000	\$267,750	\$332,500	\$380,000	\$404,000	\$415,000
Dorchester	\$140,000	\$164,950	\$195,000	\$240,000	\$290,000	\$316,000
East Boston	\$120,000	\$145,000	\$193,701	\$237,000	\$267,500	\$331,750
Fenway/Kenmore	\$145,000	\$135,000	\$175,000	\$217,000	\$250,000	\$265,000
Hyde Park	\$144,000	\$163,000	\$197,450	\$235,000	\$265,000	\$299,500
Jamaica Plain	\$165,000	\$188,200	\$241,500	\$279,000	\$332,250	\$334,000
Mattapan	\$130,000	\$149,900	\$180,000	\$210,000	\$250,000	\$315,000
Roslindale	\$167,000	\$182,250	\$217,000	\$239,000	\$290,000	\$326,250
Roxbury	\$120,000	\$140,000	\$173,500	\$225,000	\$258,000	\$345,000
South Boston	\$160,000	\$187,500	\$250,000	\$249,000	\$295,000	\$325,000
South End	\$220,000	\$270,000	\$327,000	\$364,000	\$404,500	\$405,000
West Roxbury	\$196,750	\$215,000	\$235,000	\$265,000	\$322,000	\$340,000
Citywide	\$163,000	\$185,000	\$235,375	\$267,750	\$315,000	\$340,000

### Median Sales Prices of Single Family Homes In Boston's Neighborhoods, 1998 to 2003

Neighborhood	1998	1999	2000	2001	2002	2003
Allston/Brighton	\$211,000	\$250,000	\$277,800	\$330,000	\$364,000	\$380,000
Back Bay/Beacon Hill	\$1,473,750	\$1,412,500	\$1,650,000	\$1,875,000	\$1,600,000	\$2,275,000
Central	\$580,000	**	**	**	**	**
Charlestown	\$263,000	\$329,500	\$396,000	\$419,500	\$446,200	\$463,000
Dorchester	\$133,000	\$150,000	\$176,750	\$225,000	\$265,000	\$315,000
East Boston	\$96,000	\$115,000	\$138,500	\$170,000	\$187,500	\$242,000
Fenway/Kenmore	**	**	**	**	**	**
Hyde Park	\$134,000	\$156,000	\$189,000	\$225,000	\$255,000	\$295,000
Jamaica Plain	\$252,500	\$292,500	\$385,000	\$472,500	\$442,250	\$510,000
Mattapan	\$115,000	\$135,000	\$160,000	\$189,500	\$205,000	\$255,000
Roslindale	\$160,000	\$187,500	\$222,500	\$259,000	\$309,000	\$333,000
Roxbury	\$103,000	\$115,000	\$135,000	\$182,000	\$228,000	\$293,500
South Boston	\$155,000	\$202,000	\$240,000	\$235,000	\$312,500	\$325,000
South End	\$415,000	\$645,000	\$727,500	\$869,250	\$717,250	\$1,000,000
West Roxbury	\$200,000	\$229,000	\$265,000	\$296,000	\$340,000	\$360,000
Citywide	\$159,000	\$184,000	\$218,000	\$255,000	\$295,000	\$333,000

### Median Sales Prices of Two-Family Homes In Boston's Neighborhoods, 1998 to 2003

Neighborhood	1998	1999	2000	2001	2002	2003
Allston/Brighton	\$260,000	\$297,000	\$269,450	\$413,750	\$485,000	\$520,000
Back Bay/Beacon Hill	**	**	\$1,650,000	**	**	**
Central	\$471,000	**	**	**	**	**
Charlestown	\$333,000	\$360,500	\$369,000	\$431,200	\$507,000	\$542,500
Dorchester	\$156,000	\$175,000	\$220,000	\$270,000	\$336,500	\$382,000
East Boston	\$131,000	\$139,000	\$200,000	\$240,500	\$298,500	\$330,000
Fenway/Kenmore	**	**	**	**	**	**
Hyde Park	\$165,000	\$200,000	\$250,000	\$285,000	\$345,000	\$413,000
Jamaica Plain	\$219,250	\$270,000	\$292,500	\$399,000	\$424,500	\$537,500
Mattapan	\$140,500	\$150,000	\$195,750	\$254,500	\$297,500	\$360,000
Roslindale	\$185,000	\$217,163	\$285,000	\$329,450	\$369,000	\$435,000
Roxbury	\$126,000	\$150,000	\$172,000	\$239,000	\$294,500	\$370,000
South Boston	\$195,000	\$225,000	\$262,250	\$295,500	\$375,000	\$422,500
South End	\$720,000	\$845,000	\$962,500	**	\$1,125,020	\$1,255,000
West Roxbury	\$240,000	\$265,000	\$336,500	\$353,500	\$415,000	\$465,000
Citywide	\$170,000	\$192,500	\$250,000	\$288,000	\$350,000	\$410,000

\*\* = Insufficient data (less than 10) to calculate reliable median

### Median Sales Prices of Three-Family Homes In Boston's Neighborhoods, 1998 to 2003

Neighborhood	1998	1999	2000	2001	2002	2003
Allston/Brighton	\$300,000	\$320,000	\$460,000	\$562,000	\$574,500	\$687,500
Back Bay/Beacon Hill	**	**	**	**	**	**
Central	**	**	**	**	**	**
Charlestown	\$372,500	\$302,500	\$409,750	**	\$560,000	**
Dorchester	\$150,000	\$185,000	\$231,450	\$288,000	\$378,000	\$450,000
East Boston	\$125,000	\$170,000	\$225,000	\$280,000	\$347,000	\$400,000
Fenway/Kenmore	**	**	**	**	**	**
Hyde Park	\$177,000	\$220,000	\$276,500	\$330,000	\$375,450	\$446,950
Jamaica Plain	\$190,000	\$250,000	\$317,000	\$360,000	\$492,500	\$570,000
Mattapan	\$144,000	\$179,500	\$240,000	\$276,500	\$345,375	\$436,000
Roslindale	\$182,750	\$262,500	\$300,000	\$340,000	\$412,500	\$463,500
Roxbury	\$127,000	\$155,000	\$207,000	\$260,000	\$335,000	\$426,500
South Boston	\$218,000	\$255,000	\$300,000	\$322,500	\$385,000	\$432,500
South End	\$446,000	\$719,000	\$600,000	\$861,500	\$977,500	\$945,000
West Roxbury	**	**	**	**	**	**
Citywide	\$156,500	\$190,000	\$245,000	\$294,000	\$280,000	\$445,200

### Median Sales Prices of Condominiums In Boston's Neighborhoods, 1998 to 2003

Neighborhood	1998	1999	2000	2001	2002	2003
Allston/Brighton	\$102,000	\$116,000	\$141,800	\$182,000	\$209,000	\$237,000
Back Bay/Beacon Hill	\$295,000	\$280,000	\$419,000	\$405,000	\$400,000	\$435,000
Central	\$209,000	\$230,000	\$336,500	\$442,000	\$409,000	\$439,000
Charlestown	\$204,900	\$239,950	\$310,000	\$375,000	\$381,500	\$377,400
Dorchester	\$74,000	\$82,000	\$125,000	\$164,500	\$186,750	\$233,000
East Boston	\$65,000	\$81,450	\$92,000	\$125,500	\$156,000	\$173,875
Fenway/Kenmore	\$143,500	\$135,000	\$175,000	\$217,000	\$250,000	\$263,000
Hyde Park	\$109,900	\$99,900	\$94,750	\$99,700	\$120,000	\$231,500
Jamaica Plain	\$131,000	\$151,800	\$189,250	\$227,000	\$260,250	\$290,000
Mattapan	\$50,500	\$150,000	\$97,500	\$147,000	\$187,000	\$253,000
Roslindale	\$106,000	\$121,000	\$157,500	\$183,442	\$229,500	\$269,000
Roxbury	\$90,000	\$124,000	\$134,000	\$196,815	\$219,950	\$250,000
South Boston	\$144,000	\$165,000	\$243,000	\$235,000	\$273,250	\$305,000
South End	\$215,000	\$262,000	\$320,000	\$360,000	\$400,000	\$395,000
West Roxbury	\$112,750	\$114,000	\$135,000	\$167,500	\$190,000	\$217,750
Citywide	\$165,000	\$176,000	\$236,000	\$254,000	\$299,000	\$312,500

\*\* = Insufficient data (less than 10) to calculate reliable median

## APPENDIX 3

### Asking Rents By Neighborhood 1998-2003

Source: City of Boston survey of Boston Globe 1 to 3 bedroom apartment listings first Sunday of each month. Apartments including utilities or parking in monthly rent are not represented in this survey.

Mean Advertised Rents, One Bedroom Apartments In Boston's Neighborhoods, 1998 to 2003						
Neighborhood	1998	1999	2000	2001	2002	2003
Allston/Brighton	\$914	\$941	\$1062	\$1195	\$1135	\$1076
Back Bay/Beacon Hill	\$1478	\$1532	\$1644	\$1714	\$1697	\$1689
Central	\$1387	\$1381	\$1407	\$1575	\$1650	\$1630
Charlestown	\$1109	\$1233	\$1335	\$1422	\$1451	\$1471
Dorchester	\$630	\$800	\$921	\$900	\$982	\$1057
East Boston	\$625	\$770	\$850	\$962	\$920	\$944
Fenway/Kenmore	\$1007	\$1076	\$1282	\$1433	\$1279	\$1224
Hyde Park	\$1387	\$756	\$855	\$975	\$968	\$1071
Jamaica Plain	\$894	\$896	\$1082	\$1116	\$1210	\$1100
Mattapan	\$550	\$804	\$800	\$825	\$1041	\$888
Roslindale	\$789	\$946	\$841	\$977	\$1124	\$986
Roxbury	\$638	\$911	\$950	\$1082	\$1146	\$1030
South Boston	\$785	\$1347	\$959	\$1117	\$1540	\$1095
South End	\$1240	\$831	\$1577	\$1667	\$994	\$1542
West Roxbury	\$751	\$1115	\$979	\$1056	\$1311	\$1010
Citywide*	\$970	\$1044	\$1154	\$1261	\$1249	\$1222

Mean Advertised Rents, Two Bedroom Apartments In Boston's Neighborhoods, 1998 to 2003						
Neighborhood	1998	1999	2000	2001	2002	2003
Allston/Brighton	\$1231	\$1278	\$1433	\$1532	\$1448	\$1359
Back Bay/Beacon Hill	\$2198	\$2069	\$2317	\$2554	\$2329	\$2733
Central	\$2312	\$1963	\$2009	\$2181	\$2209	\$2292
Charlestown	\$1751	\$1606	\$1717	\$1942	\$1784	\$1868
Dorchester	\$903	\$991	\$1188	\$1305	\$1298	\$1297
East Boston	\$954	\$1038	\$1178	\$1221	\$1201	\$1162
Fenway/Kenmore	\$1339	\$1511	\$1676	\$1846	\$1674	\$1629
Hyde Park	\$841	\$1068	\$1198	\$1249	\$1317	\$1296
Jamaica Plain	\$1199	\$1240	\$1357	\$1546	\$1531	\$1422
Mattapan	\$725	\$900	\$983	\$1245	\$1325	\$1303
Roslindale	\$944	\$1023	\$1222	\$1316	\$1329	\$1294
Roxbury	\$1066	\$1052	\$1396	\$1344	\$1417	\$1364
South Boston	\$1219	\$1305	\$1360	\$1557	\$1495	\$1402
South End	\$1626	\$1825	\$2223	\$2158	\$1956	\$2027
West Roxbury	\$990	\$1134	\$1299	\$1415	\$1305	\$1297
Citywide*	\$1198	\$1251	\$1430	\$1539	\$1501	\$1485

\*The citywide average is weighted proportionately to the rental housing stock in each neighborhood

<b>Median Advertised Rents, Three Bedroom Apartments In Boston's Neighborhoods, 1998 to 2003</b>						
<b>Neighborhood</b>	<b>1998</b>	<b>1999</b>	<b>2000</b>	<b>2001</b>	<b>2002</b>	<b>2003</b>
<b>Allston/Brighton</b>	<b>\$1483</b>	<b>\$1567</b>	<b>\$1850</b>	<b>\$1922</b>	<b>\$1781</b>	<b>\$1683</b>
<b>Back Bay/Beacon Hill</b>	<b>\$2465</b>	<b>\$2735</b>	<b>\$2852</b>	<b>\$2974</b>	<b>\$3228</b>	<b>\$3554</b>
<b>Central</b>	<b>\$2435</b>	<b>\$2279</b>	<b>\$2775</b>	<b>\$2976</b>	<b>\$3353</b>	<b>\$3206</b>
<b>Charlestown</b>	<b>\$1980</b>	<b>\$2175</b>	<b>\$2412</b>	<b>\$2421</b>	<b>\$2382</b>	<b>\$1984</b>
<b>Dorchester</b>	<b>\$931</b>	<b>\$1109</b>	<b>\$1271</b>	<b>\$1453</b>	<b>\$1559</b>	<b>\$1592</b>
<b>East Boston</b>	<b>\$1245</b>	<b>\$1233</b>	<b>\$1342</b>	<b>\$1498</b>	<b>\$1408</b>	<b>\$1381</b>
<b>Fenway/Kenmore</b>	<b>\$2274</b>	<b>\$1860</b>	<b>\$1973</b>	<b>\$2365</b>	<b>\$2070</b>	<b>\$1777</b>
<b>Hyde Park</b>	<b>\$1161</b>	<b>\$1288</b>	<b>\$1300</b>	<b>\$1447</b>	<b>\$1642</b>	<b>\$1626</b>
<b>Jamaica Plain</b>	<b>\$1415</b>	<b>\$1572</b>	<b>\$1668</b>	<b>\$1790</b>	<b>\$1795</b>	<b>\$1703</b>
<b>Mattapan</b>	<b>\$888</b>	<b>\$1099</b>	<b>\$1250</b>	<b>\$1500</b>	<b>\$1604</b>	<b>\$1595</b>
<b>Roslindale</b>	<b>\$1249</b>	<b>\$1318</b>	<b>\$1450</b>	<b>\$1635</b>	<b>\$1600</b>	<b>\$1532</b>
<b>Roxbury</b>	<b>\$1125</b>	<b>\$1358</b>	<b>\$1660</b>	<b>\$1823</b>	<b>\$1679</b>	<b>\$1634</b>
<b>South Boston</b>	<b>\$1551</b>	<b>\$1631</b>	<b>\$1702</b>	<b>\$1888</b>	<b>\$1874</b>	<b>\$1842</b>
<b>South End</b>	<b>\$1875</b>	<b>\$2104</b>	<b>\$2308</b>	<b>\$2446</b>	<b>\$2300</b>	<b>\$2954</b>
<b>West Roxbury</b>	<b>\$1329</b>	<b>\$1365</b>	<b>\$1533</b>	<b>\$1587</b>	<b>\$1602</b>	<b>\$1516</b>
<b>Citywide*</b>	<b>\$1283</b>	<b>\$1414</b>	<b>\$1596</b>	<b>\$1850</b>	<b>\$1800</b>	<b>\$1700</b>

\*The citywide average is weighted proportionately to the rental housing stock in each neighborhood



## APPENDIX 4

### Housing Cost Burden in Boston 2000

Housing Cost Burden for Renters and Homeowners in Boston, 2000			
	Renter Households	Owner Households	All Households
Number of Households Paying > 30% and < 50% of Income to Housing	31,305	9,968	41,273
Percent of Households Paying > 30% and < 50% of Income to Housing	19.6%	13.2%	17.6%
Number of Households Paying > 50% of Income to Housing	29,270	13,134	42,404
Percent of Households Paying > 50% of Income to Housing	18.3%	17.5%	18.1%
Total Number with Housing Cost Burden	60,575	23,102	83,677
Total Percent with Housing Cost Burden	37.9%	30.7%	35.7%
Source: 2000 Census			

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